Registered number: 01816587

Westcoast Limited
Annual report and financial statements
for the year ended 31 December 2015

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Directors and advisers

Executive directors

A Hemani
D Forsyth
A Hunt
A Newberry
S Madhani
C Oxley
A Tatham
K Harris

Company secretary and registered office

C Batchelor
Arrowhead Park
Arrowhead Road, Theale
Reading
Berkshire
RG7 4AH

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

Solicitors

Pitmans Solicitors
The Anchorage
34 Bridge Street
Reading
Berkshire
RG1 2LU

Bankers

Lloyds Commercial Finance Limited
Boston House
The Little Green
Richmond
Surrey
TW9 1QE

Lloyds Bank Plc
Market Place
Reading
Berkshire
RG1 2PQ

Westcoast Limited
Strategic report for the year ended 31 December 2015

The directors present their strategic report on the company for the year ended 31 December 2015.

Review of the Business

As one of the UK's top 100 largest private companies we provide IT products and services to more than 8000 resellers, systems integrators and retailers. Our primary business is that of sales, distribution, business process outsourcing, supply chain management and maintaining outsourced networks.

The publicity and move towards cloud based computing and related services within the industry is well documented. Westcoast Limited is focused on partnering with Global best of breed, allied to local capability in addressing this changing market place. Early in 2015 Westcoast Limited was appointed as a Cloud Solution Partner by Microsoft and is well placed to take advantage of this opportunity.

Trading conditions continued to be challenging in the UK in 2015. Increased pressure on profit margins remained. Westcoast Limited continued to manage and align its cost base to ensure competitiveness in its sector and continued with the strategy of controlled growth through innovation and quality of service provided to its vendors and partners/customers. A disciplined working capital management has enabled us to fund sales growth of £117 million entirely from operations.

In such challenging market conditions this advantage has enabled Westcoast Limited to grow its market share, growing turnover 8.93% and increasing its operating profit by 22.14% to £13,082,000.

Through further investment in our people and systems we strive to expand our business in related markets. The directors remain confident that Westcoast Limited is well placed to take advantage of opportunities as they arise. Further evidence of the continued strength of the business is the vote of confidence through increased financing facilities provided by Lloyds Commercial Finance Limited to the Westcoast Group.

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the company's future operating profits or financial position. The company has controls embedded within its systems to limit each of these potential exposures and regularly reviews, reassesses and proactively limits the associated risks.

- Intense competition among global IT vendors or within the channel may lead to reduced prices, lower sales or reduced sales growth, lower gross margins, extended payment terms with customers, increased investment and interest costs or bad debt risks.
- Significant changes in supplier terms, such as volume discounts or rebates, a reduction in the amount of incentives available, reduction or termination of price protection, stock rotations or other stock management programs or reductions in payment terms may adversely impact operations or financial conditions.
- Termination of the company's major supplier agreement or product supply shortages may adversely impact results of operations.

Key financial performance indicators

	2015 £'000	2014 £'000	Change %
Turnover	**1,422,440**	1,305,878	8.93%
Operating profit	**13,082**	10,711	22.14%
Operating profit as % of turnover	**0.92%**	0.82%	0.10%

By order of the board

Christine Batchelor

Company Secretary

18 March 2016

Westcoast Limited
Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

Future Developments

The publicity and move towards cloud based computing and related services within the industry is well documented. Westcoast Limited is focused on partnering with Global best of breed, allied to local capability in addressing this changing market place. Early in 2015 Westcoast Limited was appointed as a Cloud Solution Partner by Microsoft which positions the business well to exploit the opportunities that arise from a shift to cloud based computing.

Through further investment in our people and systems we strive to expand our business in related markets. The directors remain confident that Westcoast Limited is well placed to take advantage of opportunities as they arise.

Results and dividends

The company's profit for the financial year is £9,701,000 (2014: £7,757,000).

The directors recommended and paid a final dividend of £4,000,000 during the year (2014: £4,000,000).

Directors

The directors who held office during the year and up to the date of signing the financial statements, are given below:

A Hemani
D Forsyth
A Hunt
A Newberry
S Madhani
C Oxley
A Tatham
P Heath (resigned 1st February 2016)
K Harris (appointed 1st February 2016)

Directors' indemnities

The company maintained throughout the financial year and up to the date of the approval of the financial statements Directors' and Officers' liability in respect of itself and its Directors.

Financial Risk Management

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk, foreign exchange risk and interest rate cash flow risk. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Credit risk

The company has a policy and procedures manual that sets out specific guidance to manage credit risk where policies have been implemented that require appropriate credit checks on potential customers before sales are made. Additionally the company has a debt insurance policy in place.

Liquidity risk

Liquidity risk is managed through an assessment of working capital requirements to ensure the company has sufficient funds available for operations and planned expansions.

The funds used for managing operations include overdrafts, bank loans and loans between group companies. In addition the Westcoast group has an asset based lending facility with Lloyds Commercial Finance Limited.

The company's bank facilities are secured and contain a number of financial covenants which are measured against the consolidated financial performance and position of the ultimate parent company (note 23). The directors monitor compliance against all of the company's financial obligations and manage the ultimate parent company's consolidated balance sheet and debt requirements so as to operate within the financial covenants.

Foreign exchange risk

The company sells to customers in foreign markets and also makes purchases denominated in foreign currencies. The company is therefore exposed to foreign currency movements throughout the year. The currency risk exposure is managed through the use of forward foreign currency contracts. No hedge accounting is applied.

Interest rate cash flow risk

The company has interest bearing liabilities. Interest bearing liabilities include overdrafts, bank loans and loans between group companies. The company's interest rate cash flow risk is reviewed and managed within the overall cash flow management policy.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house intranet, briefing groups and the distribution of the Annual Report.

Environment

The company is aware of its environmental obligations and actively promotes environmental initiatives with its employees, customers and suppliers.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' Report and the financial statements (the "financial statements") in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board

C Batchelor
Company Secretary
18 March 2016

Independent auditors' report to the members of Westcoast Limited

Report on the financial statements

Our opinion

In our opinion, Westcoast Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Statement of comprehensive income as at 31 December 2015;
- the Balance sheet for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Westcoast Limited (Continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

March 2016

Statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	4	**1,422,440**	1,305,878
Cost of sales		**(1,388,939)**	(1,271,915)
Gross profit		**33,501**	33,963
Administrative expenses	5	**(20,419)**	(23,252)
Operating profit		**13,082**	10,711
Interest receivable and similar income	7	**462**	926
Interest payable and similar charges	7	**(1,372)**	(2,597)
Profit on ordinary activities before taxation		**12,172**	9,040
Tax on profit on ordinary activities	8	**(2,471)**	(1,283)
Profit for the financial year		**9,701**	7,757
Total comprehensive income for the financial year		**9,701**	7,757

The results for the years shown above are derived entirely from continuing operations.

The company has no other comprehensive income.

Balance sheet

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	9	**1,289**	1,146
Investments	10	**-**	-
		1,289	1,146
Current assets			
Inventories	11	**86,420**	64,508
Debtors	12	**210,678**	184,361
Cash at bank and in hand		**2,557**	-
		299,655	248,869
Creditors – amounts falling due within one year	13	**(242,311)**	(194,935)
Net current assets		**57,344**	53,934
Total assets less current liabilities		**58,633**	55,080
Creditors – amount falling due after more than one year	14	**-**	(2,514)
Provision for other liabilities	16	**(1,562)**	(1,196)
Net assets		**57,071**	51,370
Capital and reserves			
Called-up share capital	18	**10**	10
Retained earnings		**57,061**	51,360
Total equity		**57,071**	51,370

The notes on pages 12 to 31 are an integral part of these financial statements.

The financial statements on pages 9 to 31 were approved by the board of directors on 18 March 2016 and were signed on its behalf by:

S Madhani
Director
Westcoast Limited
Registered number: 01816587

Statement of changes in equity

	Called-up share capital	Retained Earnings	Total
	£'000	£'000	£'000
Balance as at 1 January 2014	10	47,603	47,613
Profit for the year	-	7,757	7,757
Total comprehensive income for the year	-	7,757	7,757
Dividends	-	(4,000)	(4,000)
Total transactions with owners, recognised directly in equity	-	(4,000)	(4,000)
Balance as at 31 December 2014	10	51,360	51,370
Balance as at 1 January 2015	10	51,360	51,370
Profit for the year	-	9,701	9,701
Total comprehensive income for the year	-	9,701	9,701
Dividends	-	(4,000)	(4,000)
Total transactions with owners, recognised directly in equity	-	(4,000)	(4,000)
Balance as at 31 December 2015	**10**	**57,061**	**57,071**

Notes to the financial statements for the year ended 31 December 2015

1 General Information

Westcoast Limited is a wholesale distribution of computer peripheral equipment and related services.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Arrowhead Park, Arrowhead Road, Theale.

2 Accounting policies

Statement of compliance

The financial statements of Westcoast Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has early adopted the amendments to FRS 102 (issued in July 2015).

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 24.

Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions on the basis that is a qualifying entity and the disclosures are included in the consolidated accounts of its ultimate parent Westcoast (Holdings) Limited which are publically available, see note 23:

i) from preparing a statement of cash flows;
ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29;
iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
iv) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Notes to the financial statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within interest payable or receivable.

Related party disclosure

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Exemption from preparation of consolidated financial statements

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements as its ultimate parent undertaking Westcoast (Holdings) Limited is a UK company that prepares consolidated financial statements which are publicly available. None of the investments are significant to the company.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

Notes to the financial statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes. The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

(i) Sale of goods – wholesale

The company is a wholesale distributor of computer peripheral equipment and related services. Sales of goods are recognised on delivery to the customers, when there is no unfulfilled obligation that could affect the customers' acceptance of the product.

Goods sold are often sold with volume rebates and also with the provision for the customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Volume rebates are assessed based on anticipated purchases. Accumulated experience is used to estimate and provide for the discounts and returns.

(ii) Sale of goods – internet based transactions

The Company sells goods via its websites for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory is passed to the customer. For deliveries to the customer this is the point of acceptance of the goods by the customer. Transactions are settled by credit or payment card.

Provision is made for credit notes based on the expected level of returns which is based on the historical experience of returns.

Notes to the financial statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and short term benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Pension costs

The Group operates a number of defined contribution pension schemes which are held in a separately administered funds. Contributions payable are charged to the statement of comprehensive income as they accrue.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the financial statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Leasehold improvements	5 years
Computer equipment	4 years
Fixtures and fittings	5 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income and included in 'Other operating (losses)/gains'.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Notes to the financial statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Trade investments are stated at cost, including those costs associated with the acquisitions, less provision for any impairment in value.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and amount owed to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in comprehensive income in interest payable or receivable as appropriate. Derivatives are immaterial at year end.

The company does not currently apply hedge accounting for foreign exchange derivatives.

Notes to the financial statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Financial Instruments (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Lease incentives
Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Issue costs together with finance costs are charged to the statement of comprehensive income over the term of the borrowings and represent a constant proportion of the balance of the capital repayments outstanding.

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Critical accounting estimates and assumptions

Critical judgements and estimates in applying the accounting policies

In the application of the Company's accounting policies which are described in note 2, the directors are required to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Inventory provisioning

The company is a wholesale distributor of computer peripheral equipment and related services. The products it sells are subject to rapid technological changes, as a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

(b) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

(c) Legal and regulatory

The company is subject to legal proceedings and other claims arising in the ordinary course of business. The company is required to assess the likelihood of any adverse judgements or outcomes, as well as potential ranges of probable losses. A determination of the provisions required for these matters is based on a careful analysis of each individual issue with the assistance of outside legal counsel. However, actual claims incurred could differ from the original estimates.

Notes to the financial statements for the year ended 31 December 2015 (continued)

4 Turnover

Analysis of turnover by geography:

	2015 £'000	2014 £'000
United Kingdom	**1,373,219**	1,287,943
Rest of Europe	**49,221**	17,935
Rest of World	**-**	-
	1,422,440	1,305,878

Analysis of turnover by category:

	2015 £'000	2014 £'000
Sales of goods	**1,422,440**	1,305,878
	1,422,440	1,305,878

5 Operating profit

	2015 £'000	2014 £'000
Operating profit is stated after charging		
Wages and salaries	**16,303**	15,175
Social security costs	**1,415**	1,482
Other pension costs	**163**	229
Staff costs	**17,881**	16,886
Gain on disposal of tangible and intangible fixed assets	**-**	-
Impairment of trade receivables	**756**	1,945
Impairment of inventory (included in 'cost of sales')	**333**	202
Services provided by the company's auditors		
Fees payable for the audit	**67**	70
Fees payable for other services – tax compliance	**7**	8
Foreign exchange losses / (gains)	**435**	(232)
Operating lease charges	**1,886**	916

Administrative expenses

The company regards all administrative expenses as distribution costs due to the nature of the business.

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2015	2014
	No.	No.
Management	**4**	4
Warehouses and distribution	**206**	188
Administration and central functions	**303**	317
	513	509

Directors

The directors' emoluments were as follows:

	2015	2014
	£'000	£'000
Aggregate emoluments	**711**	780

Highest paid director

The highest paid director's emoluments were as follows:

	2015	2014
	£'000	£'000
Aggregate emoluments	**246**	215

The above details of directors' emoluments do not include the emoluments of Mr A Hemani, Mr S Madhani and Mr D Forsyth, which are paid by the parent company and recharged to the company as part of a management charge. This management charge, which in 2015 amounted to £945k (2014 : £944k) also includes a recharge of administration costs borne by the parent company on behalf of the company and it is not possible to identify separately the amount of Mr A Hemani's, Mr S Madhani's and Mr D Forysth's emoluments.

Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Net Interest expense

Interest receivable and similar income	**2015** **£'000**	2014 £'000
Bank interest received	**329**	794
Interest on short term deposits	**133**	132
	462	926

Interest payable and similar charges	**2015** **£'000**	2014 £'000
Interest expense on senior bank loans and revolving facility	**1,346**	2,571
Finance lease interest	**26**	26
	1,372	2,597

Net interest expense	**2015** **£'000**	2014 £'000
Interest receivable and similar income	**462**	926
Interest payable and similar charges	**(1,372)**	(2,597)
Net interest expenses	**(910)**	(1,671)

Notes to the financial statements for the year ended 31 December 2015 (continued)

8. Income tax

Tax expense included statement of comprehensive income	2015 £'000	2014 £'000
Current tax:		
UK corporation tax on profits of the year	**2,474**	1,450
Adjustments in respect of prior years	**(112)**	(203)
Total current tax	**2,362**	1,247
Deferred tax:		
Origination and reversal of timing differences	**105**	22
Adjustments in respect of prior years	**1**	11
Changes in tax rates or laws	**3**	3
Total deferred tax (note 16)	**109**	36
Tax on profit on ordinary activities	**2,471**	1,283

Reconciliation of tax charge

Tax assessed for the period is higher (2014: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	**12,172**	9,040
Profit multiplied by the standard rate of tax in the UK of 20.25% (2014: 21.5%)	**2,465**	1,944
Effects of:		
Group relief received not paid for	**-**	(590)
Expenses not deductible for tax purposes	**115**	122
Adjustments to tax charge in respect of prior years	**(112)**	(192)
Re-measurement of deferred tax – change in UK tax rate	**3**	(1)
Tax charge for the year	**2,471**	1,283

Tax rate changes

During the year there was a change in the UK main corporation tax rate to 20%, which was effective from 1 April 2015.

Further changes in the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes were substantively enacted on 26 October 2015 and the relevant deferred tax balances have been re-measured.

Notes to the financial statements for the year ended 31 December 2015 (continued)

9 Tangible assets

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 January 2015	364	3,334	1,818	5,516
Additions	-	639	270	909
Disposals	-	-	-	-
At 31 December 2015	**364**	**3,973**	**2,088**	**6,425**
Accumulated depreciation				
At 1 January 2015	364	2,563	1,443	4,370
Charge for the year	-	552	214	766
Disposals	-	-	-	-
At 31 December 2015	**364**	**3,115**	**1,657**	**5,136**
Net book amount				
At 31 December 2015	**-**	**858**	**431**	**1,289**
At 31 December 2014	-	771	375	1,146

Assets held under finance leases included in tangible assets comprise:

	Computer equipment	
	2015	2014
	£'000	£'000
Cost	**1,631**	1,631
Accumulated depreciation	**(1,367)**	(1,174)
Net book amount	**264**	457

Notes to the financial statements for the year ended 31 December 2015 (continued)

10 Investments

Company	Shares in subsidiary undertakings £'000	Total £'000
Net book amount at 31 December 2015 and 31 December 2014	-	-

Details of principal subsidiary undertakings:

Name of subsidiary undertaking	Nature of business	Country of incorporation	Type of shares held	Proportion of Equity held Indirectly	Proportion of Equity held Directly
DIGI-UK Limited	Dormant	United Kingdom	£1 ordinary shares	-	100%
Mobile Direct Limited	Mobile phone and network contractor	United Kingdom	£1 ordinary hares	-	100%

11 Inventories

	2015 £'000	2014 £'000
Finished goods held for resale	**86,420**	64,508

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Notes to the financial statements for the year ended 31 December 2015 (continued)

12 Debtors

	2015 £'000	2014 £'000
Trade debtors	**183,659**	134,491
Amounts owed by group undertakings	**25,719**	48,974
Other debtors	**255**	100
Deferred taxation (note 17)	**42**	151
Prepayments and accrued income	**1,003**	645
	210,678	184,361

Amounts owed by group undertakings are unsecured. Included within this balance is £8,711,600 (2014: £26,862,414) which carries interest at base plus 2.25% (2014: base plus 2.25%) and is repayable on demand. Other amounts are interest free and repayable on demand.

13 Creditors - amounts falling due within one year

	2015 £'000	2014 £'000
Bank loan and overdraft (note 15)	**-**	1,854
Trade creditors	**211,825**	161,038
Amounts owed to group undertakings	**1,024**	1,868
Finance lease liability (note 15)	**264**	305
Corporation tax	**994**	252
Other taxation and social security	**21,264**	21,090
Accruals and deferred income	**6,940**	8,528
	242,311	194,935

The bank overdraft, which is repayable on demand, is secured by an all asset debenture and a fixed and floating charge over the undertaking and all property and assets present and future.

Within the trade creditors there is a balance of £32.0 million (2014: £36.7 million) unsecured under supplier finance working capital facilities. £12.4 million (2014: £13.9 million) from Macquarie Bank Limited and £19.6 million (2014: £22.8 million) from American Express. Interest payable on supplier finance during the year was £0.6 million (2014: £0.9 million) which is included within cost of sales.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements for the year ended 31 December 2015 (continued)

14 Creditors - amounts falling due after more than one year

	2015	2014
	£'000	£'000
Bank loan (note 15)	-	2,250
Finance leases	-	264
	-	2,514

15 Loans and other borrowings

	2015	2014
	£'000	£'000
Bank loans and overdrafts	-	4,104
Finance leases	**264**	569
	264	4,673

	2015	2014
	£'000	£'000
Maturity of debt		
In one year or less, or on demand	**264**	2,159
In more than one year, but not more than two years	-	1,764
In more than two years, but not more than five years	-	750
	264	4,673

The bank facility is secured by an all asset debenture and a floating charge over the undertaking and all property and assets present and future.

On 2 February 2015 the group renewed its asset based lending facility agreement with Lloyds Commercial Finance Limited and the facility increased to £175m. As a result Westcoast Limited received funds from Westcoast (Holdings) Limited and repaid the loan to Lloyds Commercial Finance Limited. The company's working capital is now provided by Westcoast (Holdings) Limited.

Finance Leases
Future minimum payments under finance leases are as follows:

	2015	2014
	£'000	£'000
Within one year	**287**	331
In more than one year, but not more than five years	-	286
Total gross payments	**287**	617
Less finance charges included above	**(23)**	(48)
	264	569

Notes to the financial statements for the year ended 31 December 2015 (continued)

16 Provision for other liabilities

The company had the following provisions during the year:

	Dilapidations provisions	Other provisions	Total
	£'000	£'000	£'000
At 1 January 2015	1,196	-	1,196
Additions dealt with in comprehensive income	216	150	366
Unused amounts reversed to comprehensive income	-	-	-
At 31 December 2015	**1,412**	**150**	**1,562**

Dilapidations provision
As part of the Groups property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to the statement of comprehensive income as the obligation arises.

Other provisions
Other provisions relate to other commercial liabilities which are of uncertain timing and amount.

17 Deferred tax asset

Deferred taxation recognised in the financial statements is as follows:

	Amount recognised	
	2015	2014
	£'000	£'000
Depreciation in excess of capital allowances	**39**	85
Other timing differences	**3**	66
	42	151
Movement in the year:		
At 1 January 2015	**151**	187
Additions dealt with in comprehensive income	**(109)**	(36)
At 31 December 2015	**42**	151

Notes to the financial statements for the year ended 31 December 2015 (continued)

18 Called up share capital

	2015 £'000	2014 £'000
Allotted and fully paid		
100,000 (2014: 100,000) Ordinary shares of 10p each	**10**	10

19 Dividends

	2015 £'000	2014 £'000
Final dividend paid	**4,000**	4,000

During the year a dividend of £4,000,000 (2014: £4,000,000), equivalent to £40 (2014: £40) per ordinary issued share, was declared and paid.

20 Financial commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due	2015 £'000	2014 £'000
Within one year	**1,491**	1,017
In more than one year, but not more than five years	**5,919**	6,545
After five years	**2,928**	4,288
	10,338	11,850

21 Pension contributions

Pension contributions of £162,701 were paid during the year (2014: £228,786). As at 31 December 2015 £13,307 (2014: £21,019) was owed to the pension scheme as accrued in creditors.

22 Related party transactions

During the year under review the company entered into transactions, with WAM Europe Limited - a joint venture of its ultimate parent company, Westcoast (Holdings) Limited. The total value of the transactions in respect of WAM Europe Limited was £15,419,178 as included in turnover and £12,455,409 in cost of sales (2014: turnover of £16,247,940 and cost of sales of £12,018,827). At 31 December 2015 £nil was included in debtors (2014: £nil) and £nil (2014: £nil) was included in creditors in respect of these transactions.

23 Controlling parties

The immediate and ultimate parent company is Westcoast (Holdings) Limited and is registered in the United Kingdom. A copy of the consolidated financial statements of Westcoast (Holdings) Limited, which is the smallest and largest company in which Westcoast Limited is consolidated, will be available from the company secretary, Arrowhead Park, Arrowhead Road, Theale, Berkshire RG7 4AH. The directors regard Mr A Hemani as the ultimate controlling party by virtue of his interest in the share capital of Westcoast (Holdings) Limited.

Notes to the financial statements for the year ended 31 December 2015 (continued)

24 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

Profit for the financial year		2014	
		£'000	£'000
UK GAAP – As previously reported			7,830
Lease incentives recognised over the lease term as per FRS 102	A	(86)	
Recognition of long service award accrual	B	(5)	
Total adjustment to profit before tax for the financial year			(91)
Deferred tax impact of adjustments	C		
– Lease incentives recognised over the lease term as per FRS 102			17
– Recognition of long service award accrual			1
Total adjustment to tax expense			18
Total Adjustment to profit for the financial year			(73)
FRS 102			7,757

Total equity		1 January 2014	31 December 2014
		£'000	£'000
UK GAAP – As previously reported		47,785	51,615
Lease incentives recognised over the lease term as per FRS 102	A	(165)	(251)
Recognition of long service award accrual	B	(50)	(55)
Deferred tax impact of adjustments	C		
– Lease incentives recognised over the lease term as per FRS 102		33	50
– Recognition of long service award accrual		10	11
FRS 102		47,613	51,370

Notes to the financial statements for the year ended 31 December 2015 (continued)

24 Transition to FRS 102 (continued)

A Lease incentives recognised over the lease term

Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period. This has resulted in the company recognising a liability of £165,000 on transition to FRS102. In the year to 31 December 2014 a further charge of £86,000 was recognised in the statement of comprehensive income and the liability at 31 December 2014 was £251,000.

B Long service award

FRS 102 requires short term employee benefits to be charged to the statement of comprehensive income as the employee service is received. This has resulted in the company recognising a liability for Long Service awards of £50,000 on transition to FRS 102. Previously accruals for Long Service Awards were not recognised and were charged to the statement of comprehensive income as they were paid. In the year to 31 December 2014 an additional charge of £5,000 was recognised in the statement of comprehensive income and the liability at 31 December 2014 was £55,000.

C Deferred taxation

The company has accounted for deferred taxation on transition as follows:

a) Long service award accrual – Deferred tax of £10,000 has been recognised at 20% on the liability recognised on transition at 1 January 2014. In the year ended 31 December 2014 the company has recognised a credit of £1,000 in the statement of comprehensive income in respect of the reduction of the Long service award accrual.

b) Other deferred taxation effects reflect the tax effect of the spreading of the rent free period for the year ending 31 December 2013.

Other adjustments arising on transition to FRS 102

In addition to the transition adjustments identified above which affect profit for the financial year, the following adjustments have arisen which have had no effect on net assets or the statement of comprehensive income but which have affected the presentation of these items in the financial statements.

Provisions

During the transition process the Director's reviewed the classification of certain accruals and provisions and reclassified £1,196k of amounts previously classified within Accruals to Provisions on the balance sheet as at 31 December 2014 to better reflect the nature of the underlying liability.