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04495621 Viglen Technology Limited

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

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Westcoast (Holdings) Limited

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

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Westcoast (Holdings) Limited

Directors and advisers

Directors

A Hemani
D Forsyth
S Madhani
L Hemani

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 Branch
1-2 Market Place
Reading
Berkshire
RG12PQ

Westcoast (Holdings) Limited

Strategic report for the year ended 31 December 2015

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

Principal activities

The principal activity of the Group and subsidiaries continues to be the provision of IT equipment and related services

Review of the business and future developments

As one of the UK's top 100 largest private companies we distribute IT products and services to more than 12,000 customers. Our primary business is that of consultancy, 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. The Westcoast Group is focused on partnering with Global best of breed, allied to local capability in addressing this changing market place. Early in 2015 Westcoast Limited, a subsidiary, was appointed a Cloud Solution Partner by Microsoft and is well placed to take advantage of the opportunity.

Trading conditions continued to be challenging in the UK in 2015. Increased pressure on profit margins remained. Westcoast (Holdings) Limited continued to manage and align its cost base to ensure competitiveness across the Group and continued with the strategy of controlled growth through innovation and quality of service provided to its vendors and partners/customers.

In such challenging market conditions this advantage has enabled Westcoast (Holdings) Limited to grow its market share, growing revenue by 8.74% and increased its Group operating profits by 17.45% to £16,473,000.

Through ongoing investment in our people and systems we strive to expand our business in related markets. The directors remain confident that the Group 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 Bank Commercial Finance Ltd.

The financial position of the Group and Company is presented in the Group and Company balance sheets on page 10. There were total Group shareholders' funds at 31 December 2015 of £46,625,000 (2014: £38,030,000). There were total Company shareholders' funds at 31 December 2015 of £40,829,000 (2014: £36,035,000).

Key financial performance indicators

	2015 £'000	2014 £'000	Change %
Revenue	1,595,475	1,467,264	8.74%
Group operating profit	16,473	14,025	17.45%
Operating profit as % of revenue	1.03%	0.96%	0.07%

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the Group's future operating profits or financial position. The Group 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.

Westcoast (Holdings) Limited

Strategic report for the year ended 31 December 2015 (continued)

Principal risks and uncertainties (continued)

- 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, inventory rotations or other inventory management programs or reductions in payment terms may adversely impact operations or financial conditions
- Termination of the Group's major supplier agreement or product supply shortages may adversely impact results of operations

By order of the Board



C Batchelor
Company Secretary
18 March 2016

Westcoast (Holdings) Limited

Directors' report for the year ended 31 December 2015

The directors present their report and the audited consolidated financial statements 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. The Westcoast Group 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 the Westcoast Group is well placed to take advantage of opportunities as they arise.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk, currency risk and interest rate risk. Given the size of the Group, 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 are implemented by the Group's finance department.

Credit risk

The Group 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 Group has a debt insurance policy in place.

Liquidity risk

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

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

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

Foreign exchange risk

The Group sells to customers in foreign markets and also makes purchases denominated in foreign currencies. The Group 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 Group has interest bearing liabilities. Interest bearing liabilities include overdrafts and bank loans. The interest rate cash flow risk is reviewed and managed within the overall cash flow management policy.

Results and dividends

The Group's profit for the financial year was £11,017,000 (2014 £8,791,000)

The directors recommended and paid a dividend £2,376,000 (2014 £1,500,000)

Westcoast (Holdings) Limited

Directors' report for the year ended 31 December 2015 (continued)

Directors

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

A Hemani
D Forsyth
L Hemani
S Madhani
B Tkachuk (resigned January 2016)

Directors' indemnities

The Company maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors

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 group continues and the appropriate training is arranged. It is the policy of the Group 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 interest and that all employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees continues through the in-house intranet, briefing groups and the distribution of the annual report.

Environment

The group 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 Annual report and 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 group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 group for that period.

Westcoast (Holdings) Limited

Directors' report for the year ended 31 December 2014 (continued)

Statement of directors' responsibilities (continued)

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 UK Accounting Standards have been followed, including FRS 102, 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 and group 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.

Statement of 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

Westcoast (Holdings) Limited

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

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit, the parent company's profit and the group's cash flows 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 Group and Company balance sheets as at 31 December 2015,
- the Consolidated statement of comprehensive income for the year then ended,
- the Consolidated statement of cash flow for the year then ended,
- the Consolidated and Company 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 United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice)

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 by the parent company, 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

Westcoast (Holdings) Limited

Independent auditors' report to the members of Westcoast (Holdings) 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 pages 5 - 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 group's and the parent 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

Westcoast (Holdings) Limited

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover			
Continuing operations		1,595,475	1,384,437
Acquisitions		-	82,827
Group turnover	4	1,595,475	1,467,264
Cost of sales		(1,523,147)	(1,387,343)
Gross profit		72,328	79,921
Administrative expenses		(55,855)	(65,896)
Operating profit		16,473	14,025
Continuing operations		16,473	12,251
Acquisitions		-	1,774
Group operating profit		16,473	14,025
Income from other fixed asset investments		48	230
Share of operating (loss)/profit in joint ventures	13	(38)	3
Total operating profit: group and share of joint ventures		16,483	14,258
Interest receivable and similar income	7	137	140
Interest payable and similar charges	7	(2,051)	(2,864)
Profit on ordinary activities before taxation	8	14,569	11,534
Tax on profit on ordinary activities	9	(3,552)	(2,743)
Profit for the financial year		11,017	8,791
Other comprehensive income			
Currency translation differences on foreign currency net investments		(46)	(28)
Other comprehensive income for the year, net of tax		(46)	(28)
Total comprehensive income for the year		10,971	8,763

Westcoast (Holdings) Limited

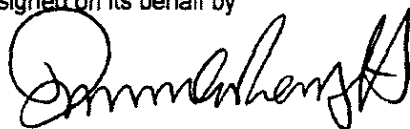
Group and Company balance sheets as at 31 December 2015

		Group		Company	
	Note	2015	2014	2015	2014
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11	9,693	12,527	-	-
Tangible assets	12	1,963	1,809	20	21
Investments	13	-	100	58,151	73,428
Interests in associated undertakings	13	111	149	-	-
		11,767	14,585	58,171	73,449
Current assets					
Inventories	14	109,497	90,651	-	-
Financial assets measured at cost less impairment					
Debtors	15	228,134	170,722	15,642	305
Cash and cash equivalents		5,560	4,069	146	74
		343,191	265,442	15,788	379
Financial liabilities carried at amortised cost					
Creditors amounts falling due within one year	16	(282,968)	(228,069)	(13,130)	(30,293)
Net current assets/(liabilities)		60,223	37,373	2,658	(29,914)
Total assets less current liabilities		71,990	51,958	60,829	43,535
Creditors amounts falling due after more than one year	17	(22,379)	(11,499)	(20,000)	(7,500)
Provision	19	(2,986)	(2,429)	-	-
Net assets		46,625	38,030	40,829	36,035
Equity					
Called up share capital	21	1,344	1,344	1,344	1,344
Share premium account		646	646	646	646
Retained earnings		44,635	36,040	38,839	34,045
Total equity		46,625	38,030	40,829	36,035

The notes on pages 13 to 43 are an integral part of these financial statements

The financial statements on pages 9 to 43 were approved by the board of directors on 18 March 2016 and were signed on its behalf by

D Forsyth
Director
Westcoast (Holdings) Limited
Registered number 03359843



Westcoast (Holdings) Limited

Consolidated statement of changes in equity as at 31 December 2015

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January, 2014	1,344	646	28,777	30,767
Profit for the year	-	-	8,791	8,791
Other comprehensive income	-	-	(28)	(28)
Total comprehensive income for the year	-	-	8,763	8,763
Dividend paid	-	-	(1,500)	(1,500)
Total transactions with owners, recognised directly in equity	-	-	(1,500)	(1,500)
Balance as at 31 December, 2014	1,344	646	36,040	38,030
Profit for the year	-	-	11,017	11,017
Other comprehensive income	-	-	(46)	(46)
Total comprehensive income for the year	-	-	10,971	10,971
Dividend paid	-	-	(2,376)	(2,376)
Total transactions with owners, recognised directly in equity	-	-	(2,376)	(2,376)
Balance as at 31 December, 2015	1,344	646	44,635	46,625

Company statement of changes in equity as at 31 December 2015

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January, 2014	1,344	646	29,205	31,195
Profit for the year	-	-	6,340	6,340
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	6,340	6,340
Dividend paid	-	-	(1,500)	(1,500)
Total transactions with owners, recognised directly in equity	-	-	(1,500)	(1,500)
Balance as at 31 December, 2014	1,344	646	34,045	36,035
Profit for the year	-	-	7,170	7,170
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	7,170	7,170
Dividend paid	-	-	(2,376)	(2,376)
Total transactions with owners, recognised directly in equity	-	-	(2,376)	(2,376)
Balance as at 31 December, 2015	1,344	646	38,839	40,829

Westcoast (Holdings) Limited

Consolidated statement of cash flow for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Net cash from operating activities	23	2,257	22,332
Taxation paid		(2,684)	(3,478)
Net cash generated from operating activities		(427)	18,854
Cash flow from investing activities			
Dividend received from investments		48	89
Other income from investments		-	141
Interest received	7	137	140
Purchase of tangible assets	12	(1,351)	(624)
Sale of tangible assets		-	8
Acquisition of subsidiary undertakings		-	(12,594)
Acquisition expenses		-	(178)
Acquisition of trade investment		-	(100)
Net cash acquired with subsidiary undertakings		-	2,853
Net cash used in investing activities		(1,166)	(10,265)
Cash flow from financing activities			
Repayment of obligations under finance leases		(305)	(305)
Increase in/(Repayment of) borrowings		8,250	(2,000)
Repayment of preference shares		-	(5,591)
Interest paid		(2,051)	(2,864)
Dividends paid to owners of the parent	22	(2,376)	(1,500)
Net cash used in financing activities		3,518	(12,260)
Net increase/(decrease) in cash and cash equivalents		1,925	(3,671)
Cash and cash equivalents at the beginning of the year		3,659	7,330
Exchange gains/(losses) on cash and cash equivalents		(24)	-
Cash and cash equivalents at the end of the year		5,560	3,659
Cash and cash equivalents consists of:			
Cash at bank and in hand		5,560	4,069
Bank overdraft		-	(410)
Cash and cash equivalents		5,560	3,659

Westcoast (Holdings) Limited

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

1 General Information

Westcoast (Holdings) Limited (the "Company") is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Arrowhead Park, Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH.

The principal activity of the Group and subsidiaries is the provision of IT equipment and related services.

2 Accounting policies

Statement of compliance

The Group and individual financial statements of Westcoast (Holdings) Limited have been prepared in compliance with the applicable 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") in the United Kingdom and the Companies Act 2006.

The Group has early adopted the amendments to FRS 102 (issued in July 2015).

Summary of significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

Basis of presentation

These consolidated and separate financial statements are prepared on the going concern basis, under the historical cost convention. This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 January 2014. Details of the transition to FRS 102 are disclosed in note 29.

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 and Group 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.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of comprehensive income.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Group's products, and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Westcoast (Holdings) Limited

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

2 Accounting policies (continued)

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of joint venture undertakings made up to 31 December

i) Subsidiaries

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Investments in subsidiary undertakings are stated at cost, including those costs associated with the acquisitions, less provision for any impairment in value. Where events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable, an impairment review is performed. An impairment write down is recognised to the extent that the carrying amount of the asset exceeds the higher of the fair value less cost to sell and value in use.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of comprehensive income. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

ii) Joint arrangements

Investments in joint arrangements can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Westcoast (Holdings) Limited has joint venture classified as jointly controlled entities.

Interests in jointly controlled entities are accounted for using the equity method (see iii) below) after initially being recognised at cost in the consolidated balance sheet.

Westcoast (Holdings) Limited

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

2 Accounting policies (continued)

Basis of consolidation (continued)

iii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost (including transaction costs) and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in the statement of comprehensive income, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Any subsidiary undertakings or joint venture undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of joint control respectively.

The Company has taken advantage of the exemption under paragraph 35 10(f) of FRS 102 to measure investments in subsidiaries and jointly controlled entities in its separate opening statement of financial position at their existing carrying value (which is considered to be their deemed cost).

Financial Instruments

The Group 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.

Westcoast (Holdings) Limited

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

2 Accounting policies (continued)

Financial Instruments (continued)

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, bank loans 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, including forward foreign exchange contracts, are not basic financial instruments.

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.

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.

Related parties

In accordance with the exemption available under section 33 1A of FRS 102 'Related Party Disclosures', transactions with other wholly owned group undertakings within the Westcoast group have not been disclosed in these financial statements.

Westcoast (Holdings) Limited

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

2 Accounting policies (continued)

Business combination and goodwill

Business combinations are accounted for by applying the purchase method

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its expected useful economic life which is 10 years or less. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method and reducing balance, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- | | |
|----------------------------------|----------------------------|
| ▪ Customer Relationship | - 25% reducing balance |
| ▪ Acquired brands and trademarks | - 20% straight-line method |

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,
- management intends to complete the software and use or sell it,
- there is an ability to use or sell the software,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Westcoast (Holdings) Limited

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:

The principal annual rates used for this purpose are:

Freehold buildings	2%
Leasehold improvements	over the remaining year of the lease
Computer equipment	25%
Fixtures and fittings	20%
Motor Vehicles	25%

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'.

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

Property, plant and equipment is 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 administrative expenses.

Inventory

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.

Westcoast (Holdings) Limited

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

2 Accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

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 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.

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.

Westcoast (Holdings) Limited

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

2 Accounting policies (continued)

Revenue

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 Group'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.

Sales are normally made with a credit term of 60 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

(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.

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.

Westcoast (Holdings) Limited

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

2 Accounting policies (continued)

Taxation (continued)

(ii) Deferred taxation

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.

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 fund. Contributions payable are charged to the statement of comprehensive income as they accrue.

Foreign currency translation

(i) Functional and presentation currency

The Group financial statements are presented in pound sterling.

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.

Westcoast (Holdings) Limited

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

2 Accounting policies (continued)

Foreign currency translation (continued)

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. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other operating (losses)/gains'.

(iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Leased assets

At inception the Group 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.

Westcoast (Holdings) Limited

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

2 Accounting policies (continued)

Leased assets (continued)

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.

3 Critical accounting estimates and assumptions

Critical judgements and estimates in applying the accounting policies

In the application of the Group'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 Group 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 Group 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.

Westcoast (Holdings) Limited

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

3 Critical accounting estimates and assumptions (continued)

(b) Impairment of trade receivables

The Group 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 Group is subject to legal proceedings and other claims arising in the ordinary course of business. The group 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.

4 Turnover

Analysis of turnover by geography

	2015 £'000	2014 £'000
United Kingdom	1,443,332	1,348,880
Rest of Europe	158,564	119,889
Rest of World	1,358	6,645
Less share of revenue of joint venture	(7,779)	(8,150)
	1,595,475	1,467,264

All sales derive from distribution of IT products and services

5 Directors' emoluments

	2015 £'000	2014 £'000
Aggregate emoluments	2,154	1,901

	2015 £'000	2014 £'000
Highest paid director		
Aggregate emoluments	730	444

Retirement benefits are accruing to no directors (2015: none) under the Group's money purchase pension scheme.

Key management compensation

All employees considered to be key management are directors of the company.

Westcoast (Holdings) Limited

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

6 Employee information

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

Group	2015 Number	2014 Number
By activity		
Management	8	10
Sales & Distribution	428	587
Administration and central functions	669	529
	1,105	1,126

Group	2015 £'000	2014 £'000
Staff costs (for the above persons):		
Wages and salaries	41,184	40,515
Social security costs	4,166	4,161
Other pension costs (note 25)	542	688
	45,892	45,364

7 Net finance costs

	2015 £'000	2014 £'000
Interest payable on bank loans and overdrafts	2,025	2,150
Other finance costs	-	688
Interest receivable	(137)	(140)
Interest payable on finance leases	26	26
	1,914	2,724

On 2 February 2015 the Company renewed its asset based lending facility agreement with Lloyds Commercial Finance Limited and the facility increased to £175m. The other finance costs relate to the renegotiation of the facility.

Westcoast (Holdings) Limited

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

8 Profit on ordinary activities before taxation

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation is stated after charging:		
Amortisation of goodwill	1,913	1,923
Amortisation of intangible assets	922	1,131
Depreciation of tangible assets	1,183	1,088
Loss on disposal of fixed assets	14	431
Foreign exchange loss	235	103
Operating lease rentals	3,322	2,296
Impairment of trade receivables	1,091	2,124
Impairment of trade payables	2,596	2,464

Services provided by the Company's auditors and its associates

During the year the group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates

Fees payable to Company auditors for the audit of parent company and consolidated financial statements	13	15
Fees payable to the Company's auditors and its associates for other services		
The audit of the Company's subsidiaries pursuant to legislation	146	173
Audit related assurance services	-	97
Other services pursuant to legislation	-	25
Tax services	121	40
	280	350

Administrative expenses

The Group regards all net operating expenses as selling and distribution costs due to the nature of the business

Westcoast (Holdings) Limited

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

9 Income tax

	2015 £'000	2014 £'000
Current tax:		
UK corporation tax on profits of the year	3,705	3,229
Share of tax in joint ventures	-	-
Adjustments in respect of prior years	(244)	(134)
Total current tax	3,461	3,095
Deferred tax (note 20):		
Origination and reversal of timing differences	(63)	(393)
Changes in tax laws and rates	38	22
Adjustments in respect of prior years	116	19
Total deferred tax	91	(352)
Tax on profit on ordinary activities	3,552	2,743

Reconciliation of tax charge

Tax assessed for the period is higher (2014: higher) 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	14,569	11,534
Profit on ordinary activities multiplied by standard rate in the UK of 20.25% (2014: 21.5%)	2,950	2,480
Effects of:		
Expenses not deductible for tax purposes	775	472
Differences arising due to overseas tax rates	(56)	(94)
Changes in tax laws and rates	11	-
Adjustments to tax charge in respect of previous years	(128)	(115)
Tax charge for the year	3,552	2,743

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.

Westcoast (Holdings) Limited

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

10 Result for the financial year

As permitted by section 408 of the Companies Act 2006, the Parent Company's statement of comprehensive income has not been included in these financial statements. The Parent Company's profit for the financial year was £7,170,000 (2014 profit: £6,340,000)

11 Intangible assets

Group	Goodwill	Brand names & Trademarks	Customer Relationship	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2015	53,766	1,470	3,348	58,584
Acquisitions	-	-	-	-
At 31 December 2015	53,766	1,470	3,348	58,584
Accumulated amortisation				
At 1 January 2015	44,925	294	837	46,056
Charge for the year	1,913	294	628	2,835
At 31 December 2015	46,838	588	1,465	48,891
Net book amount				
At 31 December 2015	6,928	882	1,883	9,693
At 31 December 2014	8,840	1,176	2,511	12,527

The goodwill arising on the acquisition of EMAG Solutions Limited (now renamed Orion Storage Solutions Limited), Clarity Computer (Distribution) Limited, XMA Investments Limited, Optimum Business Group Limited, Netfire Group Limited, Quarry Court Holdings Limited and Viglen Technology Limited is being amortised on a straight line basis over their estimated useful economic lives of 10 years.

On 2 January 2014 the Group acquired the entire share capital of Viglen Technology Limited and all of its subsidiaries. The activity of the main trading subsidiary Viglen Limited is the supply of IT solutions to the educational markets, the public sector and corporate markets within the United Kingdom.

On 8 January 2014 XMA Limited, a Group Company, acquired the entire share capital of Quarry Court Holdings Limited and all of its subsidiaries. The activity of the main trading subsidiary (QC Supplies Ltd) is that of a resell of electronic office supplies.

Amortisation is charged to administrative expenses in the statement of comprehensive income.

The Company has no intangible fixed assets (2014: none)

Westcoast (Holdings) Limited

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

12 Tangible assets

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 January 2015	163	471	4,377	2,436	173	7,620
Translation differences	-	-	(1)	(12)	-	(13)
Acquisitions	-	-	-	-	-	-
Additions	-	54	1,004	293	-	1,351
Disposals	-	(42)	(152)	(151)	(19)	(364)
At 31 December 2015	163	483	5,228	2,566	154	8,594
Accumulated depreciation						
At 1 January 2015	163	402	3,340	1,877	29	5,811
Translation differences	-	-	(1)	(12)	-	(13)
Charge for the year	-	47	762	271	103	1,183
Disposals for the year	-	(37)	(198)	(96)	(19)	(350)
At 31 December 2015	163	412	3,903	2,040	113	6,631
Net book amount						
At 31 December 2015	-	71	1,325	526	41	1,963
At 31 December 2014	-	69	1,037	559	144	1,809

Assets held under finance leases capitalised and included with Tangible assets

	Computer equipment 2015 £'000	2014 £'000	Fixture and fittings 2015 £'000	2014 £'000	Total 2015 £'000	Total 2014 £'000
Cost	1,631	1,631	574	574	2,205	2,205
Accumulated depreciation	(1,367)	(1,174)	(574)	(574)	(1,941)	(1,748)
Net book amount	264	457	-	-	264	457

The Company has Tangible assets of £20,000 of cost and fair value less cost to sell, relating to Computer equipment (2014 £21,000)

Westcoast (Holdings) Limited

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

13 Investments

Group

	Trade investment £'000	Loan to trade investments £'000	Total £'000
Cost			
At 1 January 2015	3,215	1,000	4,215
Acquisition	-	-	-
At 31 December 2015	3,215	1,000	4,215
Provision for impairment			
At 1 January 2015	3,115	1,000	4,115
Charge for the year	100	-	100
At 31 December 2015	3,215	1,000	4,215
Net book amount			
At 31 December 2015	-	-	-
At 31 December 2014	100	-	100

On 24 September 2014 the Group acquired 50% of the issued and outstanding share capital of Supplies Service Partner B V and all of its subsidiaries. The main activity of Supplies Service Partner B V is the supply of various IT Solutions and sales within the Retail market.

Joint ventures	Interest in joint ventures £'000
At 1 January 2015	149
Share of profits	(38)
Corporation tax	-
Net book amount	
At 31 December 2015	111
At 31 December 2014	149

Westcoast (Holdings) Limited

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

13 Investments (continued)

Company	Trade investment £'000	Loan to trade investments £'000	Shares in subsidiary undertakings £'000	Total £'000
Cost				
At 1 January 2015	3,215	1,000	78,648	82,863
Acquisitions	-	-	-	-
Disposal	-	(1,000)	(15,177)	(16,177)
At 31 December 2015	3,215	-	63,471	66,686
Provision for impairment				
At 1 January 2015	3,115	1,000	5,320	9,435
Charge for the year	100	-	-	100
Disposal	-	(1,000)	-	(1,000)
At 31 December 2015	3,215	-	5,320	8,535
Net book amount				
At 31 December 2015	-	-	58,151	58,151
At 31 December 2014	100	-	73,328	73,428

The directors believe that the carrying value of the investments is supported by their underlying net assets

On 2 January 2014 the Group acquired the entire share capital of Viglen Technology Limited and all of its subsidiaries. The activity of the main trading subsidiary Viglen Limited is the supply of IT solutions to the educational markets, the public sector and corporate markets within the United Kingdom

On 8 January 2014 XMA Limited, a Group company, acquired the entire share capital of Quarry Court Holdings Limited and all of its subsidiaries. The activity of the main trading subsidiary (QC Supplies Ltd) is that of a resell of electronic office supplies

On 1 January 2015 as part of the group reorganisation, Westcoast (Holdings) Limited sold its investment in XMA Limited to Viglen Limited a subsidiary. Westcoast (Holdings) Limited still retains 100% ownership of XMA Limited indirectly through its 100% ownership of Viglen Technology Limited

Westcoast (Holdings) Limited

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

13 Investments (continued)

Details of subsidiary undertakings, which have all been consolidated in these financial statements

Name of subsidiary undertaking	Nature of business	Country of incorporation	Type of shares held	Proportion of Equity held	
				Indirectly	Directly
Westcoast Limited	Wholesale distribution of computer peripheral equipment and related services	England	10p ordinary shares	-	100%
Clanty Computer (Distribution) Limited	Wholesale distribution of computer peripheral equipment and related services	Ireland	€1.25 ordinary shares	-	100%
Orion Storage Solutions Limited	Dormant	England	£1 ordinary share	-	100%
XMA Limited	Wholesale distribution of computer peripheral equipment and related services	England	£1 ordinary share	100%	-
Mobile Direct Limited	Mobile phone and network contractor	England	1p ordinary shares	100%	-
Westcoast Belgium NV	Holding Company	Belgium	€1 ordinary share	-	100%
Quarry Court Holdings Limited	Electronic office supplies	England	£1 ordinary share	100%	-
Viglen Technology Limited	Holding Company	England	£1 ordinary share	-	100%
Viglen Limited	IT Solutions to educational market	England	£1 ordinary share	100%	-
Xenon Network Services Limited	Supply, maintain and servicing of computer equipment	England	£1 ordinary share	100%	-
Vigecom Limited	Dormant	England	£1 ordinary share	100%	-

Westcoast (Holdings) Limited

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

13 Investments (continued)

Name of subsidiary undertaking	Nature of business	Country of incorporation	Type of shares held	Proportion of Equity held	
				Indirectly	Directly
Westcoast Payment Systems Limited	Electronic payment systems	England	£1 ordinary share	-	100%
Westcoast Retail Services Limited	Dormant	England	£1 ordinary share	100%	-
Westcoast Penpherals Limited	Dormant	England	£1 ordinary share	100%	-
European Wholeseller Group Limited	Dormant	England	£1 ordinary share	100%	-
Waste Management Products Limited	Dormant	England	£1 ordinary share	100%	-
Westcoast Maintenance Limited	Dormant	England	£1 ordinary share	100%	-
Digi Uk Limited	Dormant	England	£1 ordinary share	100%	-
QC Supplies Ltd	Dormant	England	£1 ordinary share	100%	-
Mysuresupplies Ltd	Dormant	England	£1 ordinary share	100%	-

Exemption from audit by parent guarantee

Under Section 479A of the Companies Act 2006, exemptions from an audit of the financial statements for the financial year ended 31 December 2015 have been taken by companies stated below

Name of subsidiary undertaking	Company Registration Number
Mobile Direct Limited	03128136
Viglen Technology Limited	04495621
Viglen Limited	01208441
Xenon Network Services Limited	01556878
Vigecom Limited	01770090
Westcoast Payment Systems Limited	04058409
Quarry Court Holdings Limited	03533628
QC Supplies Ltd	02796130
Mysuresupplies Ltd	07841067

As required Westcoast (Holdings) Limited have issued a guarantee under Section 479C of the Companies Act 2006, which guarantee all outstanding liabilities to which the subsidiary companies listed above are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against Westcoast (Holdings) Limited by any person to whom the subsidiary companies listed above are liable in respect of those liabilities

Westcoast (Holdings) Limited

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

13 Investments (continued)

Joint ventures as at 31 December 2015

Name	Nature of business	Country of incorporation	Type of shares held	Proportion of Equity held	
				Indirectly	Directly
WAM Europe Limited	IT Inventory Management Specialist	England	£1 ordinary shares	-	50%
WAM Direct Limited	Dormant	England	£1 ordinary shares	50%	-

Trade investments as at 31 December 2015

Name	Nature of business	Country of incorporation	Type of shares held	Proportion of Equity held	
				Indirectly	Directly
Catalana de Investigacion y Desarrollo de Electronica, S L	Developing, manufacturing and distribution of toys	Spain	€1 ordinary shares	-	17%
Supplies Service Partner B V	Retail distribution of IT equipment	Belgium	€1 ordinary shares	-	50%

14 Inventories

The Company has no inventory (2014 none)

Group

	Group	
	2015 £'000	2014 £'000
Finished goods held for resale	109,497	90,651

There is no material difference between the carrying amount of inventory and the replacement cost

Westcoast (Holdings) Limited

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

15 Debtors

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	224,561	167,355	-	-
Amounts owed by group undertakings	-	-	15,177	109
Other receivables	532	1,146	108	19
Deferred tax asset (note 20)	-	-	-	-
Prepayments and accrued income	3,041	2,221	357	177
	228,134	170,722	15,642	305

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

16 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank loan and overdraft (note 18)	-	2,410	-	500
Trade creditors	240,498	182,257	167	159
Amounts owed to group undertakings	-	-	8,726	26,864
Finance leases (note 18)	264	305	-	-
Corporation tax	2,178	1,401	-	-
Other taxation and social security	22,013	22,903	108	6
Accruals and deferred income	18,015	18,793	4,129	2,764
	282,968	228,069	13,130	30,293

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

Amounts owed to subsidiary undertakings are unsecured, repayable on demand and incur interest at rates equivalent to the Group's external cost of borrowing.

Within the trade creditors there is an unsecured balance of £32.0 million (2014: £36.7 million) in respect of supplier finance working capital facilities of £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.

Westcoast (Holdings) Limited

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

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank loan and overdraft (note 18)	20,000	9,750	20,000	7,500
Finance leases (note 18)	-	264	-	-
Deferred income – between 1 and 2 years	1,372	1,485	-	-
Deferred income – between 2 and 5 years	1,007	-	-	-
	22,379	11,499	20,000	7,500

18 Loans and other borrowings

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank overdraft	-	410	-	-
Bank loans	20,000	11,750	20,000	8,000
Finance leases	264	569	-	-
	20,264	12,729	20,000	8,000

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Maturity of debt – bank overdraft, finance leases and loan				
In one year or less, or on demand	264	2,715	-	500
In more than one year, but not more than two years	-	2,264	-	500
In more than two years, but not more than five years	20,000	2,250	20,000	1,500
In more than five years	-	5,500	-	5,500
	20,264	12,729	20,000	8,000

On 2 February 2015 the Company renewed its asset based lending facility agreement with Lloyds Bank Commercial Finance Limited, the facility increased to £175m and a loan of £20m. The bank facility is secured by an all asset debenture and floating charge over the undertaking and all property and assets present and future. The interest for the lending facility is base plus 1.75% and the loan interest is LIBOR plus 3%, the loan is repayable on 1 May 2019.

Westcoast (Holdings) Limited

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

18 Loans and other borrowings (continued)

Finance leases

Future minimum payments under finance leases are as follows

	Group	
	2015 £'000	2014 £'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

19 Provisions for other liabilities

The Company has no provision for liabilities (2014 none)

Group

	Deferred Tax £'000	Dilapidations provisions £'000	Warranty provision £'000	Other provisions £'000	2015 £'000
At 1 January 2015	111	1,336	297	685	2,429
Utilised during the period	-	-	(49)	(150)	(199)
Provided during the period	91	245	-	420	756
At 31 December 2015	202	1,581	248	955	2,986

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 profit and loss as the obligation arises.

Warranty

The warranty provision relates to the expected future cost of providing warranty support. The majority of this provision will be utilised within one year.

Other provisions

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

Westcoast (Holdings) Limited

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

20 Deferred Taxation

	Deferred tax liability £'000
At 1 January 2015	(111)
Adjustment in respect of prior years	(116)
Acquisition	-
Charged to the statement of comprehensive income	25
At 31 December 2015	(202)

Deferred taxation recognised in the financial statements is as follows

Group	2015 Amount recognised £'000	2014 Amount recognised £'000
Accelerated capital allowances	342	409
Other timing differences	8	106
Losses	(552)	(626)
	(202)	(111)

The Company has no recognised or unrecognised deferred tax (2013 none)

21 Called up share capital

	Group and Company	
	2015 £'000	2014 £'000
Allotted, issued and fully paid:		
480,000 (2014 480,000) 'A' ordinary shares of 50p each	240	240
520,000 (2014 520,000) 'B' ordinary shares of £1 each	520	520
584,000 (2014 584,000) 'C' ordinary shares of £1 each	584	584
	1,344	1,344

22 Dividends

	2015 £'000	2014 £'000
Equity – Ordinary		
Final paid £4 95 (2014 £3 13) per £0 50 'A' ordinary share	2,376	1,500

Westcoast (Holdings) Limited

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

23 Reconciliation of operating profit to net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating profit	16,473	14,025
Depreciation on Tangible assets	1,183	1,088
Amortisation of goodwill	1,913	1,923
Amortisation of intangible assets	922	1,131
Loss on disposal of fixed assets	14	431
Impairment of trade investment	100	-
Increase in inventory	(18,862)	(12,835)
Increase in receivables	(58,025)	(15,194)
Increase in payables	57,975	31,763
Increase in provisions	564	-
Net cash inflow from operating activities	2,257	22,332

24 Capital commitments

The Group and Company had no capital commitments at 31 December 2015 (2014: £nil).

25 Pension contributions

The Group has a separately administered fund for directors of group companies. Pension contributions of £542,000 (2014: £688,000) were paid during the year. There are no outstanding contributions at the year-end (2014: £nil).

26 Related party transactions

During the year under review the Group entered into transactions, with WAM Europe Limited, a joint venture. The total value of the transactions in respect of WAM Europe Limited was £15,419,178 as included in revenue and £12,455,409 in cost of sales (2014: revenue of £16,247,940 and cost of sales of £12,018,627). At 31 December 2015 £nil was included in receivables (2014: £nil) and £551,681 (2014: £599,493) was included in payables in respect of these transactions.

During the year under review the Group paid rent to Hemani Property Limited £185,000 (2014: £177,292) and paid rent to Hemani Children's Trust £40,000 (2014: £40,000) in respect of leased properties. The Hemani Property Limited is a company owned by Mr A Hemani and Hemani Children's Trust is set up for the beneficiary of Mr A Hemani dependants.

Refer note 25 for details of pension contributions paid during the year.

See note 5 for disclosure of the directors' remuneration and key management compensation

Westcoast (Holdings) Limited

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

27 Financial commitments

The Group has annual commitments under non-cancellable operating leases expiring as follows:

	2015	2014
	£'000	£'000
Within one year	1,753	1,273
In more than one year, but not more than two years	7,651	7,700
In more than two years, but not more than five years	3,343	4,924
In more than five years	12,747	13,897

28 Ultimate controlling party

The directors regard Mr A Hemani as the ultimate controlling party of the Company by virtue of his interest in the share capital of the Company

29 Transition to FRS 102

This is the first year that the Group and Company has presented its results under FRS 102. The last financial statements under previous 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. The Group has early adopted the amendments to FRS 102 (issued in July 2015)

Transition exemption

The Group has taken advantage of the exemption under paragraph 35 10(f) of FRS 102 to measure investments in subsidiaries and jointly controlled entities in its separate opening statement of financial position at their existing carrying value (which is considered to be their deemed cost)

Westcoast (Holdings) Limited

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

29 Transition to FRS 102 (continued)

Reconciliations

In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided as below

Reconciliation of profit for the year

	Note	Group 2014 £'000	Company 2014 £'000
Profit for the year as previously reported under UK GAAP		9,383	6,340
Lease incentives recognised over the lease term as per FRS 102	A	(86)	-
Recognition of long service award accrual	B	(5)	-
Prior year acquisitions	C	(745)	-
Total adjustment to profit before tax for the financial year		(836)	-
Deferred tax impact of adjustments	D		-
- Lease incentives recognised over the lease term as per FRS 102		17	-
- Recognition of long service award accrual		1	-
- Prior year acquisitions		226	-
Total adjustment to tax expense		244	-
Total adjustment to profit for the financial year		(592)	-
Profit for the year as reported under FRS 102		8,791	6,340

Reconciliation of equity

	Note	Group 1 January 2014 £'000	Group 31 December 2014 £'000
Total equity previously reported under UK GAAP		30,939	38,794
Lease incentives recognised over the lease term as per FRS 102	A	(165)	(251)
Recognition of long service award accrual	B	(50)	(55)
Additional amortisation provided on intangibles and goodwill	C	-	(745)
Deferred tax impact of adjustments	D		
- Lease incentives recognised over the lease term as per FRS 102		33	50
- Recognition of long service award accrual		10	11
- Prior year acquisitions		-	226
Total equity reported under FRS 102		30,767	38,030

Westcoast (Holdings) Limited

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

29 Transition to FRS 102 (continued)

Notes to reconciliation

A Lease incentive 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 period to the first market rent review. FRS 102 requires that such incentives are to be spread over the lease period. The Group has not taken the advantage of the transitional exemption which allows lease incentives for existing leases to continue being recognised on the same basis as previous UK GAAP. Accordingly, the FRS 102 accounting policy has been applied to these operating leases.

The Group has two operating leases related to properties in Milton Keynes and Theale which included lease incentives which were being spread over the period to the first market rent review and have been recalculated. 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 £65,000 was recognised in the statement of comprehensive income and the liability at 31 December 2014 was £251,000.

B Long service award accrual based on holiday pay

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 group recognising a liability for holiday pay of £50,000 at the transition date. Previously holiday pay accruals 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 as at 31 December 2014 was £55,000.

C Restatement of prior acquisitions

The Group restate all acquisitions since the transition date, this includes the acquisitions of Viglen Technology Limited and Quarry Court Holdings Limited and all of their respective subsidiaries. Additional brand names and trademarks with a net book value of £1,470,000 and customer relationships with a net book value of £3,348,000 have been recognised, reducing the net book value of goodwill recognised by £3,854,000. In the year to 31 December 2014 additional amortisation of £745,000 was recognised in the statement of comprehensive income.

D Deferred taxation

The group 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 group 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) Restatement of prior year acquisitions – Deferred tax has been recognised at 20% on the brand names and trademarks and customer relationship. In the year ended 31 December 2014 the group has recognised a credit of £226,000 in the statement of comprehensive income in respect of the deferred tax movement against the additional amortisation.

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

Westcoast (Holdings) Limited

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

29 Transition to FRS 102 (continued)

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 £2,429k 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

Statement of cash flow

The Group's statement of cash flow reflects the presentation requirements of FRS 102, which are different to that prepared under FRS 1. In addition the statement of cash flow reconciles to cash and cash equivalents whereas under previous UK GAAP the statement of cash flow reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'. The FRS 1 definition is more restrictive.

Company

There were no adjustments to the Company's statement of comprehensive income and balance sheet at 1 January 2014 or 31 December 2014 on transition to FRS 102.