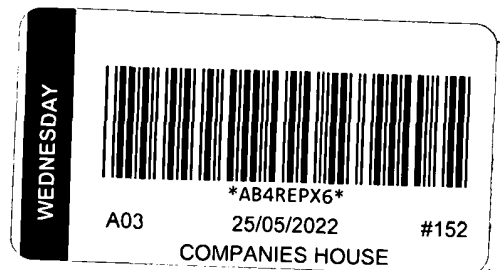


Registered number: 01816587

Westcoast Limited
Annual report and financial statements
for the year ended 31 December 2021



Westcoast Limited

Annual report and financial statements for the year ended 31 December 2021

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Directors and advisers

Executive directors

A Hemani
A Newberry
S Madhani
C Oxley
A Tatham
K Harris
P Harman
P Hamilton
P Bell

Company secretary and registered office

E Garvey
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

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

Bankers

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

Lloyds Bank Plc
Market Place
Reading
Berkshire
RG1 2P

Strategic Report for the year ended 31 December 2021

The directors present their Strategic Report on the company for the year ended 31 December 2021.

Review of the Business

Westcoast is the UK's largest privately owned distributor of technology products and services from leading IT brands such as HP, HPE, Microsoft, Juniper, Lenovo, Apple, Samsung, and many others to a broad range of resellers, retailers, e-tailers, web-shops, cloud service providers, MSP's, cyber security specialists, system integrators, contract printers and datacentres in the UK and beyond. Our primary business consists of sales, distribution, business process outsourcing, inventory and supply chain management, configuration, marketing services and cloud provision. We also offer 3PL and fulfilment services in the UK and across Europe.

In the year that the Covid-19 pandemic continued to impact the economy, Westcoast has performed strongly in all parts of the business, even those that we were most affected by the pandemic in 2020 have improved. There is little doubt that this can be attributed to the incredible hard work and team spirit of Westcoast's workforce in all our warehouses and offices across the business. The business outperformed expectations despite such challenging conditions. This has enabled the group to increase turnover by 4.32% to £3,096,804k and operating profit by 32.19% to £35,641k against strong 2020 comparatives. Westcoast outperformed the market once again growing share in the UK in a market impacted by shortages arising from the pandemic, chip manufacture and Brexit related supply chain delays. The Board would like to thank all Westcoast staff sincerely for their resilience and dedication to both customers and vendor partners throughout this most difficult period.

The company continues to win awards across industry including the CRN Cloud Distributor of the Year; a CRN inaugural Tech Impact Award for Sustainability and the Comms Business Distributor of the Year. In addition, two Westcoast female employees were singled out from a long list of over 500 as Manager of the Year and Unsung Hero of the Year in the 2021 Women in Channel Awards as Westcoast continues to promote women in technology in schools, the local region and throughout the business.

Perhaps the most pleasing area of performance in 2021 is the increase in gross profitability which is largely reflected in the profit before tax as costs remain under typically tight control. This follows increased sales of more complex solutions including cloud subscriptions, networking, storage, audio-visual displays as well as selling an improved mix of laptop devices and accessories. The company will continue to invest in new technology areas, new vendor partnerships and new customers in the year ahead to continue our unrelenting growth and maintain its position as the leading technology distributor in the region despite the intense competition.

The financial position of Westcoast Limited is presented in the balance sheet on page 18. The total shareholders' funds as at 31 December 2021 were £111,456,000 (2020: £93,371,000). The Company has long-standing supportive relationships with its lead bankers and funders and continues to have access to supplier financing as required.

At the time of approval of this report, the company continues to trade in line with initial expectations for 2022 with new vendors both launched and announced including some of the largest selling through the channel. With the expected reduction of Covid restrictions and a gradual improvement in supply chain shortages, Westcoast has strong prospects of another very successful year ahead.

Strategic Report for the year ended 31 December 2021 (continued)

Future Developments

Demand for IT products and Westcoast services remains high as businesses digitise, workforces require improved mobile performance and new technologies are developed. Westcoast continues to pursue an aggressive growth strategy by attracting new suppliers, opening new sales channels and developing new services all whilst maintaining a consistent level of profitability. New opportunities present themselves constantly and Westcoast's agility and flexibility allow the business to take advantage of these. As new business develops, it is Westcoast's unrelenting excellence that delivers for the company's suppliers and customers making Westcoast the UK's pre-eminent IT supplier.

Principal risks and uncertainties

During 2021 Westcoast updated and implemented improvements to the risk register process. The risk appetite and risk mitigation strategy are overseen by the Directors, with the support of internal audit, which reviews and considers the effectiveness of the processes that underpin risk assessments and our system of internal controls.

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 and processes and monitors and actively manages each of these potential exposures and regularly reviews, reassesses and proactively limits the associated risks.

- Cyber threat and associated challenges to the information security environment – internal or external attack resulting in service downtime or data breach.
- Technology failure – failure of critical IT, fixed or mobile assets causing disruption.
- Failure to manage the cost base in the event of a trading downturn may affect the financial performance, position of the business and in the worst its potential future viability.
- Non-compliance with legal and regulatory requirements – Non-compliance with laws, regulations, and network licence requirements. This includes but is not limited to GDPR, Gender pay Gap reporting and the modern slavery act.
- Intense competition among global IT vendors or within the channel leads to price fluctuations, reduced investment and sales growth, lower gross margins, extended working capital pressures, increased costs, funding needs and bad debt exposure. Lack of agility whilst competitors introduce disruptive technology or change their business models and routes to market may adversely affect trading performance.
- 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 company's major supplier agreement or product supply shortages may adversely impact results of operations.
- The global uncertainty including the coronavirus pandemic, Brexit and the current situation in the Ukraine may impact the ability to receive products from our suppliers on a timely basis.
- The cost and availability of sufficient financing to support future growth of the business.

Strategic Report for the year ended 31 December 2021 (continued)

Stakeholder Engagement (Section 172)

The Directors have acted in a way that they considered to be most likely to promote the success of the Company, and in doing so had regard to:

- the likely consequences of any decision in the long term;
- the need to act fairly as between members of the company,
- the interest of the Company's employees;
- the need to further develop the Company's business relationship with Suppliers, Customers and others;
- the impact of the Company's operations on the community and the environment;
- the requirement of the Company in maintaining its reputation for high standards of business conduct.

Westcoast is the UK's largest privately owned Technology business and is committed to Unrelenting Excellence in all that it does. It is ranked as the leader in the market in the UK and as such is fundamental to the success of many private and public sector organisations when delivering business critical products and services. During the pandemic, this important role was extended to schools, pupils and consumers as demand for products Westcoast sells was unprecedented.

Purpose

The company's main goal is to act as a partner both for its key suppliers which are many of the world's largest technology companies and its wide range of different customers – all of whom have a common denominator that they act as a 'reseller' of Technology to their end-users. As a partner, Westcoast have a range of core services:

Logistics and Supply Chain

Westcoast have a dedicated employee count of circa 350 warehouse operatives and access to 250 temporary staff at any point in time. Westcoast currently handles over 100,000 different products every year. Westcoast often act as a fulfilment business for technology companies as well as other products.

Sales & Marketing

The technology market is extremely dynamic and competitive. Westcoast sell complex products to a wide range of different customers: from retailers, corporate resellers, MSPs, E-tailers and many small/medium businesses. Marketing these products dynamically on behalf of the vendor brands to the channel's resellers is one of our core purposes.

Pre-sales Technical Help and Advice

Supporting customers to ensure they receive the correct product for the end-users' requirements and quoting quickly and accurately ensures that Westcoast is fundamental to customers' success. As products get more complex, Westcoast invests in skills and training for both its staff and customers to ensure customer satisfaction.

Partner Support Services

Supporting customers to ensure accurate, timely deliveries is critical. Increasingly Westcoast support customers to ensure products work as required in software, solutions and cloud services.

Strategic Report for the year ended 31 December 2021 (continued)

Board Objectives

The directors' core goals are to meet the financial objectives of the company and to deliver growth and outstanding service to all partners. These goals have been enhanced to ensure the safety and well-being of all Westcoast staff during the global pandemic ensuring the business can continue its critical work supplying the UK and Europe's technology infrastructure.

The Board of Directors meets quarterly to consider a range of compliance issues including Health and Safety, Tax Policy, Modern Slavery, Gender Gap Reporting as well as a full review of the risk register. Each director reports back on the performance of the business in their divisions and to ensure the goals set out at the start of the year are met. These goals are formalised in a detailed budget which is used to set the company's and staff's objectives each year. Management accounts include KPI's and other analysis and are presented showing performance against these budgets.

The commercial performance is reviewed every month by a sub-committee of the Board – the Operational Board - where new commercial opportunities are reviewed by senior executives and Board Directors. New internal projects – e.g., warehouse expansion, IT projects, new sales divisions and structures, or people management initiatives that are material to the company are also presented by Operational Board members or guests for approval.

Covid-19

This year the Board has continued to prioritise its responsibilities for the health and safety of staff with the response to Covid 19 restrictions and guidelines. These have been implemented with a dedicated team in all locations ensuring that Westcoast has the highest levels of safety for staff whilst keeping the company trading effectively. To achieve this, the Operational Board meet every week to review the latest government guidelines, set the company's response, authorise new procedures, monitor Covid test responses and health of staff and to set policy that ensures the company can continue to trade effectively. This meeting has also considered those staff working from home ensuring the company has considered and met its responsibilities with regard to their health and safety and effectiveness.

The Board have always considered that the business is more effective when staff are present in the office and have worked hard to ensure offices have remained open and safe throughout the year to allow staff to work on site. The outstanding work of the team has ensured maximum safety with minimum disruption to the business and the Board would like to thank them for their continuing diligence and hard work under difficult circumstances.

Values & Training

The purpose of the company to deliver Unrelenting Excellence for its partners and to its customers is underpinned by strong brand values – Brave, Innovative, Team Spirited, Agile and Flexible. These values are introduced to all staff at induction into the company, which all staff must attend within one month of joining Westcoast and are re-enforced in regular performance reviews throughout the year as well numerous team and company briefings. Employees are often judged on their adherence to these values as they form the foundation of everything the company does.

The Board see training as critical in improving individual and team performance as well as enhancing individual management skills. During the pandemic, this training was done remotely and all staff responsible for managing others have completed a course on 'Managing the Westcoast Way'.

A core focus for the year ahead is encapsulated in our 2022 word of the year – Advance – where not only is the company encouraged to advance its objectives, but employees are encouraged to learn in areas both relevant and less relevant to their individual roles. Westcoast will also help local schools and organisations to advance their own knowledge by writing and delivering part of an appropriate curriculum.

Strategic Report for the year ended 31 December 2021 (continued)

Communication & Measurement

Following the pandemic, a monthly 'State of Westcoast' live electronic broadcast is made by the managing director to include all business announcements including news, the performance of the company, competitors and the market as well as all internal decisions taken by the Board to ensure the effectiveness, efficiency and profitability of the company. The broadcast is recorded and available to staff unable to listen live.

All teams were encouraged to have their own electronic team meetings at least weekly to discuss their own team performance and implementation of Board actions.

The company's performance is visible to a high degree of granularity with the implementation of PowerBI allowing regular informal review for management, team leaders and individuals. Operational reviews of sales, sales ledger and stock management are held weekly which also act as monthly forecasting meetings allowing the Board to ensure the company is on track to meet financial goals each month and in the foreseeable future.

Staff Welfare

The most important asset the company has is its workforce. Initiatives on improving staff welfare include prioritising family commitments, mental health initiatives and regular communication. For example, all employees are invited to have regular 'Chats' throughout the year and individual goals are set for every employee. Westcoast has always celebrated those long term team members in the business with awards at the anniversary of 5, 10 and 20 years of employment.

Mental Health

The Board takes its responsibilities for the mental health of its employees seriously including providing and training mental health first aiders across the business, utilising external occupational mental health specialists, regular encouragement to speak to managers, a HR helpline and constant communication with those staff members working at home.

Diversity & Inclusion

The Board promotes diversity & inclusion across the business to all employees and their managers to ensure Westcoast harnesses the very best talent available.

Brexit

In the company's role as a leading ambassador for the delivery of technology to UK companies and public sector institutions for both their UK and export deliveries as well supporting Westcoast Ireland and Westcoast France, the company has been at the heart of the challenges presented by the UK's exit from the European Union. All the different types of VAT transactions have been implemented.

Strategic Report for the year ended 31 December 2021 (continued)

UN Global Goals

Westcoast has continued its support for 3 of the UN Global Goals as a framework for the company's commitment to its local, relevant, and global stakeholders:

Goal 4 – Quality Education

The recent pandemic has shown the importance of IT in education. Westcoast has been at the heart of providing laptops for schools through its customers, as well as donating devices to local schools and charities.

In addition, Westcoast spend time promoting IT as a career in schools – much of its work is in the Thames Valley with local schools in Berkshire. It is a lead sponsor and active participant in the West Berkshire New Horizons programme getting 50,000 students in front of an IT company at some point in their senior school education. Westcoast has its own 'Bright Sparks' programme and many employees volunteer to help deliver this programme in local schools with a focus on IT and skills. Westcoast are a 'Cornerstone Employer' for the Careers and Enterprise Company speaking up for IT programmes and helping schools in the region meet their Gatsby benchmarks – in particular supporting the Downs School and Newbury College as careers advisors. Finally, the company is supporting the new Reading Technical College collaborating to deliver Networking courses to GNVQ students.

Goal 5 – Gender Equality

The IT industry has never been more important and yet it is still poorly served by a lack of women entering the industry from school and further education. In addition, there is a lack of senior women in many IT companies. Westcoast recognise the problem and are committed to improving the gender pay gap.

In addition, Westcoast sponsors many Women in the Channel events and awards and regularly takes part in IT channel and industry debates on the subject – sharing best practice wherever possible. Westcoast had the highest representation of any company in both the long and short-list for 2021's Women in Channel Awards winning two awards for the first time.

Goal 12 – Responsible Consumption and Production

The company recognises that as an important part of the supply, it has a duty to monitor its suppliers' compliance with sustainable production and is committed to ensuring Westcoast's suppliers report on their sustainability initiatives.

The company itself is committed to becoming a Net Zero adder of greenhouse gas and carbon to products in the supply chain by 2035 and has published an Environmental Policy on its website. Whilst ensuring it meets its legal environmental obligations (eg Waste Electrical and Electronic Equipment, Waste Packaging, Restriction of Hazardous Substances), it takes further measures to improve the environmental footprint of the business. The company promotes its suppliers environmental credentials as well as assisting customers with their requirements for promoting sustainability when delivering technology.

The company were awarded the Transformation Company of the Year in the inaugural IT industry's Tech Impact Awards for its work on the UN Global Goals.

Finally, as part of their Westcoast commitment, employees have picked a charity to support. This year it was the NSPCC and Westcoast staff have raised over £30,000 with events and fundraising activities backed by the company and the Board. In addition, the company made a £100,000 charitable donation to the local NHS Trust, the Royal Berkshire Hospital supporting two children's wards.

Strategic Report for the year ended 31 December 2021 (continued)

Our stakeholders

Our customers and suppliers are at the heart of everything we do and because of this, we work hard to build and foster strong and long-lasting relationships with them. We seek to entangle ourselves with our key business partners by face-to-face interactions, industry events, workshops and roadshows, promotional activity and open days. By continually focussing on the strength of these relationships we further cement our ability to grow our business and explore the many commercial opportunities in front of us.

Our employees are our most valuable assets. Without our staff, we're unable to develop the strong relationships with our key business partners and deliver the products and services that make our business a success. They make an enormous difference to our business and our investment in them protects and strengthens our common goals. We share with them our strategy and decision making through key communications throughout the year.

We actively engage with employees on significant decisions that may impact them.

Key financial performance indicators

The following key performance indicators are relevant for Westcoast Ltd:

	2021 £'000	2020 £'000	Change
Turnover	3,096,804	2,968,448	4.32%
Operating profit	35,641	26,962	32.19%
Operating profit as % of turnover	1.15%	0.91%	0.24%

On behalf of the board



S Madhani
Director
08 April 2022

Directors' Report for the year ended 31 December 2021

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Future Developments

Through further investment in our people and systems we strive to expand our business in related markets. Notwithstanding the Covid-19 crisis, 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 £30,085,000 (2020: £22,815,000).

The directors recommended and paid a final dividend of £12,000,000 during the year (2020: £10,000,000).

Directors

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

A Hemani
A Newberry
S Madhani
C Oxley
A Tatham
K Harris
P Harman
P Hamilton
P. Bell (appointed 1 January 2022)

Directors' indemnities

The directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2016. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Post Balance sheet events

With effect from 1st January 2022 the trade and assets of Data Select Ltd has been hived up into Westcoast Ltd

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. 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 implemented policies and procedures to manage credit risk such as requiring credit checks on potential customers before sales are made. Additionally, management further manages credit risk exposure through the arrangement of credit insurance, using established third-party insurers.

**Directors' Report for the year ended 31 December 2021
(continued)***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 company has an asset-based lending facility with Lloyds Bank Commercial Finance Limited and utilises supplier finance.

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 trade offsets and the use of forward foreign currency contracts, if a large exposure is identified. No hedge accounting is applied.

Interest rate cash flow risk

The company has interest bearing liabilities. Interest bearing liabilities include overdrafts 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 and briefing groups. During the year, the Westcoast Limited encourage the involvement of employees in the group's performance through an employee bonus scheme. Further information regarding employee engagement is included in the Strategic Report.

Environment

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

Streamlined Energy and Carbon Reporting

Westcoast Limited has taken the exemption of disclosing its separate Streamlined Energy and Carbon Reporting, as this information has been included in the consolidated report filed by its parent company, Westcoast Group Holdings Limited.

**Directors' Report for the year ended 31 December 2021
(continued)****Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director 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.

On behalf of the Board



S Madhani
Director
08 April 2022

Independent auditors' report to the members of Westcoast Limited

Report on the audit of the financial statements

Opinion

In our opinion, Westcoast Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates or judgements to manipulate results. Audit procedures performed by the engagement team included:

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

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- Enquiry of management, those charged with governance and the entity's in-house legal counsel around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and,
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the 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.


Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility



Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
8 April 2022

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021	2020
		£'000	Restated £'000
Turnover	4	3,096,804	2,968,448
Cost of sales		(3,004,278)	(2,890,920)
Gross profit		92,526	77,528
Administrative expenses		(56,885)	(51,124)
Other operating income		-	558
Operating profit	5	35,641	26,962
Interest receivable and similar income	7	1,371	1,267
Interest payable and similar expenses	7	(2,045)	(1,881)
Profit or Loss before taxation		34,967	26,348
Tax on profit	8	(4,882)	(3,533)
Profit or Loss for the financial year		30,085	22,815

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

The company has no other comprehensive income.

Balance sheet at 31 December 2021

	Note	2021	2020
		£'000	£'000
Fixed assets			
Intangible Assets	9	1,474	-
Tangible assets	10	7,315	7,664
		8,789	7,664
Current assets			
Inventories	12	273,237	218,787
Debtors	13	432,931	332,174
Cash at bank and in hand		-	80,396
		706,168	631,357
Creditors – amounts falling due within one year	14	(599,689)	(541,632)
Net current assets		106,479	89,725
Total assets less current liabilities			
		115,268	97,389
Provisions for liabilities	16	(3,812)	(4,018)
		111,456	93,371
Net assets			
Capital and reserves			
Called up share capital	18	10	10
Retained earnings		111,446	93,361
Total equity		111,456	93,371

The notes on pages 18 to 37 are an integral part of these financial statements.

The financial statements on pages 15 to 37 were approved by the board of directors on 08 April 2022 and were signed on its behalf by:



S Madhani
Director
 Westcoast Limited
 Registered number: 01816587

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital	Retained Earnings	Total
	£'000	£'000	£'000
Balance as at 1 January 2020	10	80,546	80,556
Profit for the year		22,815	22,815
Total comprehensive income for the year		22,815	22,815
Dividends		(10,000)	(10,000)
Total transactions with owners, recognised directly in equity		(10,000)	(10,000)
Balance as at 31 December 2020	10	93,361	93,371
Balance as at 1 January 2021	10	93,361	93,371
Profit for the year		30,085	30,085
Total comprehensive income for the year		30,085	30,085
Dividends		(12,000)	(12,000)
Total transactions with owners, recognised directly in equity		(12,000)	(12,000)
Balance as at 31 December 2021	10	111,446	111,456

Notes to the financial statements for the year ended 31 December 2021

1 General Information

The Company is a wholesale distributor of computer peripheral equipment and related services. Westcoast is driving to continuously demonstrate its agility and flexibility in a marketplace that is moving progressively beyond traditional IT distribution to fulfilment, cloud enablement, configuration, enhanced logistics, merchandising and marketing of a huge range of products.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Arrowhead Park, Arrowhead Road, Theale, Reading, Berkshire, England. RG7 4AH.

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.

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.

Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

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.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet all its obligations as and when they fall due for the foreseeable future.

The Company meets its day-to-day working capital requirements through its bank facilities and supplier financing arrangements. The invoice discounting facility was renegotiated on 6th February 2020 and is secured until 28th April 2024. The group is in the process of increasing the facility to £360m from £300m which will provide additional working capital required to support the growth objectives of the group.

The economic outlook continues to be uncertain due to matters such as the coronavirus pandemic, inflationary pressures, geopolitical instability, product supply shortages and a risk of softening of customer demand. At the time of approval of this report, the company continues to trade in line with initial expectations as the demand for IT products and services remain high. The Board is confident that the company remains in a strong position because of the importance of IT, the agility of the IT Channel and of Westcoast group in particular. Having modelled a number of potential downside scenarios the Board are confident that the Group will continue to operate as a going concern and is well placed at this uncertain time.

**Notes to the financial statements for the year ended
31 December 2021(continued)****2 Accounting policies (continued)****Going concern (continued)**

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider it is appropriate to adopt the going concern basis in preparing the financial statements.

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 it is a qualifying entity and the disclosures are included in the consolidated financial statements of its ultimate parent Westcoast Group Holdings Limited which are publicly available, see note 23:

- i) from preparing a statement of cash flows;
- ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29(A)
- iii) and from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

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 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 within the same group. It does not disclose transactions with members of the same group that are wholly owned.

**Notes to the financial statements for the year ended
31 December 2021(continued)****2 Accounting policies (continued)****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 Group Holdings Limited is a UK company that prepares consolidated financial statements which are publicly available.

Restatement

The company has restated its revenue and cost of sales in the prior year. Please refer to Note 4 for more details.

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.

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.

Sales are normally made with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

**Notes to the financial statements for the year ended
31 December 2021 (continued)****2 Accounting policies (continued)****Revenue recognition (continued)****(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 ownership 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.

(iii) Sale of cloud software subscriptions or similar

The company sells licences via Westcoast Cloud. Revenue is recognised for perpetual licences when the licence is available. Revenue for cloud licences is recognised over time based on total usage of the license by the customer. Transactions are settled by direct debit.

(iv) Fulfilment, Storage and Configuration Services

The company provides storage, pick process and dispatch services and where requested configuration services. This is recognised when the benefits have been transferred and acknowledged by the customer.

In situations where Westcoast provides fulfilment and storage and retains control of inventory after the initial sale, revenue is recognised only, when the following criteria are met:

- It is probable that delivery will be made
- The item is on hand, identified and ready for delivery to the buyer
- The buyer acknowledges the deferred delivery instructions, and
- The usual payment terms apply

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

The Company's systems are configured to recognise revenue upon notification of dispatch and the production of an invoice, which in instances, may not be aligned to when control has been transferred to the customer and the performance obligation has been met by the company. Management performs an exercise which requires management to apply some assumptions, which management believes are reasonable, in order to identify goods that fit the criteria for deferral, which have been dispatched but not yet delivered in the financial year. Separately, management reviews individual large transactions on a case-by-case basis, which reduces the opportunity for error. In order to estimate the proportion of sales and cost of sales which should be deferred delivery documents are inspected for all sales above a threshold. A deferral rate is calculated based on these transactions and is applied to the unchecked population.

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 included in accruals in current liabilities in the balance sheet.

(ii) Pension costs

The Group operates a number of defined contribution pension schemes which are held in 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. Notes to the financial statements for the year ended

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. 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 o the financial statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Intangible Assets

Intangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. These are exclusively computer software and development costs and are depreciated, using the straight-line method over a period of 4 years.

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:

Plant & Equipment	5 years
Computer equipment	4 years
Fixtures and fittings	5 years
Leasehold improvements	Over the term of the lease

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 include 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.

**Notes to the financial statements for the year ended
31 December 2021 (continued)****2 Accounting policies (continued)****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.

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, cash and bank balances and amounts owed by group undertakings 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.

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 a 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.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and amounts 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.

Financial instruments

The company utilises short-term supplier finance providers to settle liabilities early in order to benefit from early settlement discounts. Where the agreements contain changes to the terms of the liability such that the economic substance of the arrangement has been modified, the liability is classified as creditors subject to supplier financing arrangements. Where no substantial changes have occurred, the balance continues to be disclosed within trade creditors. Given supplier financing arrangements are utilised on a short-term basis to secure receipt of early settlement discounts, costs associated with the supplier financing arrangements are included in Cost of Sales where they offset the benefit of the early settlement discounts obtained. However, costs associated with creditors subject to supplier financing arrangements are included in interest as is appropriate for a financing transaction. See note 13 for further details.

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 the 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.

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.

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Leased assets (continued)

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.

Vendor Arrangements

The company partakes in various vendor programs under which the vendor may provide incentives for advertising allowances, early payment terms and rebates. The incentive agreements are negotiated on a quarterly, annual or on an ad-hoc basis, but all agreed upfront with the vendor. Rebates and early payment discounts are recorded when they are earned as a reduction of inventory and as a reduction of cost of goods sold as the related inventory is sold. Incentives for advertising allowances are recorded when earned as a reduction of cost of goods sold or selling, general and administrative expenses, depending on the nature of the funding.

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.

3 Critical accounting judgements and estimation uncertainty

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 estimates, judgements and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Critical accounting estimates and assumptions (continued)

Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, judgements 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.

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. The carrying value of the inventory provision for the company as at 31 December was £9,624,000 (2020: £4,674,000).

Revenue Cut-Off

The companies systems are configured to recognise revenue upon notification of dispatch and the production of an invoice, which in instances, may not be aligned to when control has been transferred to the customer and the performance obligation has been met by the company. Management performs an exercise which requires management to apply some assumptions, which management believes are reasonable, in order to identify goods that fit the criteria for deferral, which have been dispatched but not yet delivered in the financial year. Separately, management reviews individual large transactions on a case-by-case basis, which reduces the opportunity for error. In order to estimate the proportion of sales and cost of sales which should be deferred delivery documents are inspected for all sales above a threshold. A deferral rate is calculated based on these transactions and is applied to the unchecked population.

Vendor arrangements

The company partakes in various vendor programs under which the vendor may provide incentives for advertising allowances, early payment terms and rebates. The incentive agreements are negotiated on a quarterly, annual or on an ad-hoc basis, but all agreed upfront with the vendor. Rebates and early payment discounts are recorded when they are earned as a reduction of inventory and as a reduction of cost of goods sold as the related inventory is sold. Incentives for advertising allowances are recorded when earned as a reduction of cost of goods sold or selling, general and administrative expenses, depending on the nature of the funding.

We provide reserves for receivables on vendor programs where amounts may not be fully collectable and additional allowances for further liabilities that may fall due in relation to these arrangements. Should amounts settled exceed or fall short of the reserves provided, this would have an impact on the financial results

Critical Judgements

Supplier finance arrangements

Assessing whether or not trade creditors subject to supplier financing arrangements have been extinguished / substantially modified requires judgement. The company utilises short-term supplier finance providers to settle liabilities early in order to benefit from early settlement discounts. The company considers a number of factors such as the payment period, any parent company guarantees and level of fees and charges to evaluate the nature of each supplier financing arrangement. Trade creditors and creditors subject to supplier financing arrangements are separately disclosed in note 14.

Notes to the financial statements for the year ended 31 December 2021 (continued)

4 Turnover

Analysis of turnover by geography:

	2021	2020
	£'000	As restated £'000
United Kingdom	2,845,236	2,604,583
Rest of Europe	232,171	340,764
Rest of World	19,397	23,101
	3,096,804	2,968,448

Analysis of turnover by category:

	2021	2020
	£'000	£'000
Sales of goods	3,085,487	2,966,620
Sales of services	11,317	1,828
	3,096,804	2,968,448

The prior year results have been restated to increase revenue and cost of sales by £86,503,214 in relation to sales to a subsidiary which should be presented gross where the company is acting as a principal. There is no impact on tax, net profit, or the balance sheet.

5 Operating profit

	2021	2020
	£'000	£'000
Operating profit is stated after charging		
Wages and salaries	31,150	31,673
Social security costs	2,900	2,850
Other pension costs	547	513
Staff costs	34,597	35,036
(Reversal of impairment)/impairment of trade receivables	(2,022)	814
Impairment of inventory (included in 'cost of sales')	339	900
Inventory recognised as an expense	2,982,703	2,871,962
Services provided by the company's auditors		
Fees payable for the audit	276	195
Fees payable for taxation compliance services	108	300
Foreign exchange loss	473	402
Operating lease charges	4,373	4,278

Notes to the financial statements for the year ended 31 December 2021 (continued)

6 Employees and directors

Employees

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

	2021	2020
	No.	No.
Management	6	5
Warehouses and distribution	310	307
Administration and central functions	463	448
	779	760

Directors

The directors' emoluments were as follows:

	2021	2020
	£'000	£'000
Directors' emoluments	1,623	1,546
Directors' pension contributions to money purchase schemes	8	7

Highest paid director

The highest paid director's emoluments were as follows:

	2021	2020
	£'000	£'000
Directors' emoluments	391	374
Pension	1	1

The above details of directors' emoluments relate to five (2020: five) of the directors. The remaining directors are paid by the parent company and it is not possible to identify separately the amount relating to these directors. The parent company recharges Westcoast Limited via a management charge, which also includes IT support and administration costs borne by the parent company on behalf of Westcoast Limited. In 2021 this management charge amounted to £27,563k (2020: £20,451k).

Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Net Interest expense

	2021	2020
	£'000	£'000
Interest receivable and similar income		
Amounts receivable from group undertakings	1,248	1,081
Other interest receivable	123	186
	1,371	1,267

	2021	2020
	£'000	£'000
Interest payable and similar expenses		
Interest expense on revolving facility	1,634	1,451
Interest payable on creditors subject to supplier financing	-	138
HMRC Charges and Interest	1	10
Bank Charges and facility fees	403	282
Interest payable to group undertaking	7	-
	2,045	1,881

	2021	2020
	£'000	£'000
Net interest expense		
Interest receivable and similar income	1,371	1,267
Interest payable and similar expenses	(2,045)	(1,881)
Net interest expenses	(674)	(614)

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Tax on profit

	2021 £'000	2020 £'000
Tax expense included statement of comprehensive income		
Current tax:		
UK corporation tax on profits of the year	4,753	3,576
Adjustments in respect of prior years	42	(41)
Total current tax	4,795	3,535
Deferred tax:		
Adjustment in respect of prior year	64	(2)
Effect of changes in tax rate	12	-
Origination and reversal of timing differences	11	-
Total deferred tax (note 17)	87	(2)
Tax on profit	4,882	3,533

Reconciliation of tax charge

Tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	34,967	26,348
Profit before tax multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	6,644	5,006
Effects of:		
Group relief received not paid for	(1,904)	(1,583)
Expenses not deductible for tax purposes	24	158
Adjustments in respect of prior years	106	(43)
Re-measurement of deferred tax – change in UK tax rate	12	(5)
Tax charge for the year	4,882	3,533

Tax rate changes

The Finance Act 2021 introduced legislation to increase the main rate of corporation tax in the UK from 19% to 25% from 1 April 2023. The legislation was substantively enacted in 2021 and has resulted in an additional current year tax charge of £12,000, arising from the impact of the change in tax rate on net deferred tax liabilities.

Notes to the financial statements for the year ended 31 December 2021 (continued)

9 Intangible Assets

Software Development

	£'000
Cost	
At 1 January 2021	-
Additions	1,853
Disposals	-
At 31 December 2021	1,853
Accumulated depreciation	
At 1 January 2021	-
Charge for the year	(379)
Disposals	-
At 31 December 2021	(379)
Net book amount	
At 31 December 2021	1,474
At 31 December 2020	-

10 Tangible assets

	Leasehold Improvements	Plant & Equipment	Computer equipment	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2021	4,793	153	4,480	1,519	10,945
Additions	193	44	457	507	1,201
Disposals	-	(35)	(1,007)	(63)	(1,105)
At 31 December 2021	4,986	162	3,930	1,963	11,041
Accumulated depreciation					
At 1 January 2021	(493)	(91)	(2,178)	(519)	(3,281)
Charge for the year	(333)	(28)	(890)	(299)	(1,550)
Disposals	-	35	1,007	63	1,105
At 31 December 2021	(826)	(84)	(2,061)	(755)	(3,726)
Net book amount					
At 31 December 2021	4,160	78	1,869	1,208	7,315
At 31 December 2020	4,300	62	2,302	1,000	7,664

Leasehold Improvements include £3,812,000 for a dilapidation provision on the Warehouse facilities and will be amortised over the period of the leases

Notes to the financial statements for the year ended 31 December 2021 (continued)

11 Investments

Company	Shares in subsidiary undertakings £'000	Total £'000
Net book amount at 31 December 2021 and 31 December 2020		
	-	-

Details of principal subsidiary undertakings:

Name of subsidiary undertaking	Nature of business	Registered Address	Interest held
Westcoast Peripherals Limited	Reseller of printers and print services	Arrowhead Park Arrowhead Road, Theale, Reading, Berkshire, RG7 4AH	100% ordinary shares directly owned

12 Inventories

	2021	2020
	£'000	£'000
Finished goods held for resale	273,237	218,787

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

13 Debtors

	2021	2020
	£'000	£'000
Trade debtors	382,560	263,762
Amounts owed by group undertakings	43,809	64,644
Other debtors	2,992	715
Corporation tax	949	634
Deferred taxation (note 17)	-	39
Prepayments and accrued income	2,621	2,380
	432,931	332,174

Amounts owed by group undertakings are unsecured. Included within this balance is £28,598,500 (2020: £43,069,164) which carries interest at base plus 1.75% (2020: base plus 1.75%) and is repayable on demand. Other amounts are interest free and repayable on demand.

Notes to the financial statements for the year ended 31 December 2021 (continued)

14 Creditors - amounts falling due within one year

	2021	2020
	£'000	£'000
Overdraft facility (note 15)	9,994	-
Trade creditors subject to supplier financing	124,020	79,404
Trade creditors	424,057	397,641
Deferred taxation (note 17)	48	-
Other taxation and social security	13,766	41,543
Other Creditors	4,825	3,728
Accruals and deferred income	22,979	19,316
	599,689	541,632

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

Trade creditors subject to supplier financing relates to unsecured supplier finance working capital facilities. Interest payable on supplier finance during the year was £2.7 million (2020: £1.6 million) which is included within cost of sales.

Other Taxation has reduced as the allowance to defer VAT during Covid-19 has been repaid.

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

15 Loans and other borrowings

	2021	2020
	£'000	£'000
Bank loans and overdrafts	9,994	-
	9,994	-

	2021	2020
	£'000	£'000
Maturity of debt		
In one year or less, or on demand	9,994	-
	9,994	-

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 6th February 2020 the group renewed its asset-based lending facility agreement with Lloyds Bank Commercial Finance Limited, the lead bank in the syndicated facility. The group is in the process of increasing the facility to £360m from £300m. The facility is in place until 28th April 2024.

In addition, the company also utilises short-term supplier financing arrangements – see note 14 for details.

Notes to the financial statements for the year ended 31 December 2021 (continued)

16 Provisions for liabilities

The company had the following provisions during the year:

	Dilapidations provisions	Total
	£'000	£'000
At 1 January 2021	4,018	4,018
Unused amounts reversed to comprehensive income	(206)	(206)
At 31 December 2021	3,812	3,812

Dilapidations provision

As part of the Company's 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 over time as the obligation arises. The obligation is recognised upfront and capitalised as a tangible asset – see note 9.

17 Deferred tax

Deferred taxation recognised in the financial statements is as follows:

	Amount recognised	
	2021	2020
	£'000	£'000
Depreciation in excess of capital allowances	(48)	39
	(48)	39
Movement in the year:		
At 1 January 2021	39	37
(Deductions)/Additions dealt with in comprehensive income	(87)	2
At 31 December 2021	(48)	39

18 Called up share capital

	2021	2020
	£'000	£'000
Allotted and fully paid		
100,000 (2020: 100,000) Ordinary shares of 10p each	10	10

19 Dividends

	2021	2020
	£'000	£'000
Final dividend paid	12,000	10,000

During the year a dividend of £12,000,000 (2020: £10,000,000), equivalent to £120 (2020: £100) per ordinary issued share, was declared and paid.

Notes to the financial statements for the year ended 31 December 2021 (continued)

20 Financial commitments

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

	2021	2020
	£'000	£'000
Payments due		
Within one year	4,643	4,208
In more than one year, but not more than five years	16,077	15,248
After five years	32,698	36,107
	53,418	55,563

21 Pension contributions

Pension contributions of £546,680 were paid during the year (2020: £512,840). As at 31 December 2021 £nil (2020: £nil) 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 Group Holdings Limited. The total value of the transactions in respect of WAM Europe Limited was £16,514,984 as included in turnover (2020: turnover of £15,943,245) and management charge included in administrative expenses of £145,690 (2020: £142,074). At 31 December 2021 £1,449,990 was included in debtors (2020: £52,361) and £nil (2020: £nil) was included in creditors in respect of these transactions.

During the year under review the company entered into transactions with Supplies Service Partner BV, a non-controlling joint venture of its ultimate parent company, Westcoast (Holdings) Limited. The total value of the transactions in respect of Supplies Service Partner BV was £11,099,518 as included in turnover (2020: £11,538,692). At 31 December 2021 £3,932 was included in debtors (2020: £525,093).

During the year under review the company paid rent to Trustees of the Hemani Children's Settlement £43,500 (2020: £43,500). Hemani Children's Settlement is set up for the beneficiary of Mr A. Hemani dependants. At the 31st December 2021 £nil was included in debtors (2020: £nil) and £nil (2020: £nil) was included in creditors in respect of these transactions.

During the year under review the company entered into transactions with XMA Limited, a company under the ownership of Mr A. Hermani. The total value of the transactions in respect of XMA Limited was £142,325,293 as included in turnover. At 31 December 2021 £2,976,133 was included in debtors.

23 Controlling parties

At the reporting date, the directors consider the immediate parent undertaking of this company to be Westcoast (Holdings) Limited, which is registered in England and Wales. Westcoast Group Holdings Limited is the largest group in which Westcoast Limited is consolidated. The consolidated financial statements of Westcoast Group Holdings Limited are available from Companies House, Crown Way, Cardiff, CF14 2UZ. The directors regard Mr A. Hemani as the ultimate controlling party by virtue of his interest in the share capital of Westcoast Group Holdings Limited.

**Notes to the financial statements for the year ended
31 December 2021 (continued)**

24 Post Balance sheet events

With effect from 1st January 2022 the trade and assets of Data Select Ltd has been hived up to Westcoast Ltd. Data Select Limited is owned by Westcoast (Holdings) Limited and the transfer post year end does not have any adjusting impact to Westcoast Limited or to the group as of the balance sheet date.