

Registered number: 01816587

Westcoast Limited  
Annual report and financial statements  
for the year ended 31 December 2023

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# **Westcoast Limited**

## **Annual report and financial statements for the year ended 31 December 2023**

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# Westcoast Limited

## Directors and advisers

### Executive directors

A Hemani  
S Madhani  
C Oxley  
K Harris  
P Harman  
P Hamilton  
P Bell  
E Garvey  
A Tatham (appointed 1 June 2023)  
M Davies (appointed 1 November 2023)

### Company secretary and registered office

E Garvey  
Arrowhead Park  
Arrowhead Road, Theale  
Reading  
Berkshire  
England  
RG7 4AH

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
*4th Floor One Reading Central*  
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 2PQ

# Westcoast Limited

## Strategic Report for the year ended 31 December 2023

The directors present their Strategic Report of Westcoast Limited (the 'Company' or 'Westcoast') for the year ended 31 December 2023.

### Review of the Business

Westcoast reflects on the success of its people over the past 40 years. Since our inception in 1983, we have grown from humble beginnings to become the UK's largest private-held 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 predominantly in the UK, Republic of Ireland and mainland Europe. Our primary business consists of sales, distribution, business process outsourcing, inventory and supply chain management, where distribution is a pivotal part of the channel. Over the years, our services offerings have expanded and adapted as the needs and demands of our customers and suppliers continue to change and evolve. We have increased our services beyond traditional IT distribution to include fulfillment, cloud enablement, configuration, enhanced logistics, merchandising and marketing of a huge range of products.

As the global markets continued to slow down due to the knock on effects on inflation, energy costs and interest rates, Westcoast proved to be resilient in all parts of the business. As always, there is *little doubt that our ability to withstand immense market pressures can largely be attributed to the incredible hard work and spirit of Westcoast's workforce in all our warehouses and offices across the business.* The business outperformed expectations against channel performance albeit Westcoast overall reported a decrease in its gross profit margin from 3.21% to 3.18% due to the product mix. Our revenue was 4.52% down compared to last year which was a reflection of the overall sales channel performance in the UK in 2023, but we have gained new customers in mainland Europe as well as expanding our existing customer base in that region. *Despite the gross margin pressure, the business managed to report an overall improvement in our operating profit from 1.46% in 2022 to 1.50% in 2023 due to tighter control on operating costs.*

The Board would like to thank all Westcoast staff sincerely for their resilience and dedication to both customers and vendor partners throughout this period. 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 UK and Ireland despite the intense competition.

The financial position of Westcoast Limited is presented in the balance sheet on page 19. The total shareholders' funds as at 31 December 2023 were £129,484k (2022: £123,494k). The 'Company has long-standing supportive relationships with its lead bankers and funders and continues to have access to invoice discounting facility and solid supplier financing as required.

Westcoast continues to obtain accolades across the industry which includes being shortlisted in two categories of CRN Channel Awards 2023 namely Networking/Comms Distributor of the Year and Distributor of the Year - £300m+ turnover. We have been shortlisted for Digital project of the year at the Computing's Digital Technology Leaders Awards, were chosen as Microsoft Partner of the Year for Devices in the Distributor/Reseller category and have been awarded Distributor of the year by vendors and product pillars alike. In addition, we also won the Equality and Diversity award by the Thames Valley Chamber of Commerce Group as recognition to Westcoast's commitment to promote the gender equality, diversity and inclusion agenda to its people.

At the time of approval of this report, the Company continues to trade in line with initial expectations of flat growth rate on revenue compared to 2023 and Westcoast has strong prospects of another successful year ahead.

# Westcoast Limited

## Strategic Report for the year ended 31 December 2023 (continued)

### Key financial performance indicators

The following key performance indicators are relevant for Westcoast:

|                                   | 2023      | 2022      | Change                  |
|-----------------------------------|-----------|-----------|-------------------------|
|                                   | £'000     | £'000     |                         |
| Turnover                          | 3,154,961 | 3,304,443 | (4.52)%                 |
| Gross profit                      | 100,359   | 106,188   | (5.49)%                 |
| Gross profit as % of turnover     | 3.18%     | 3.21%     | (0.93)%                 |
| Operating profit                  | 47,380    | 48,340    | (1.99)%                 |
| Operating profit as % of turnover | 1.50%     | 1.46%     | 2.74 %                  |
| Net working capital days          | 12        | 24        | Decreased by<br>12 days |

### Principal risks and uncertainties

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

#### *Information technology*

- Cyber threat and information security – Risks associated with cyber-security involves both internal and external attacks. The IT systems or networks may be vulnerable to attacks due to personnel negligence or external threats from increasingly sophisticated state and malicious actors leading to service downtime or data breaches. A cyber security team and strategy is in place, and a security improvement plan has been implemented to mitigate risk of cyber-attacks. Management has invested in people, tools and appropriate infrastructure to ensure cyber-attacks are detected and adverse impact to the Company is prevented.
- Gap in project management skills in resources to deliver large IT projects – Management has identified risks in relation to the lack of a project management office affecting the Company's ability to swiftly drive new technologies and innovative solutions, hindering the development of strategic initiatives and digital transformation efforts. This may lead to ineffective problem solving or change management. Technical issues may take longer to resolve impacting the overall productivity and competitiveness of the Company that may have a negative impact over customer and vendor satisfaction. Management is reviewing this risk on a regular basis and considers onboarding experienced individuals as necessary.

#### *Market competition*

- Intense competition among global IT vendors or within the channel leads to price fluctuations, reduced investment and sales, lower gross margins and extended working capital pressures leading to higher borrowing costs. Lack of agility and inability to diversify our business whilst competitors introduce disruptive technology or change their business models and routes to market may adversely affect trading performance. A business development plan has been curated in response to this risk where opportunities and efficiencies are identified, and improvements are being implemented to lessen the risk.

# Westcoast Limited

## Strategic Report for the year ended 31 December 2023 (continued)

### Principal risks and uncertainties (continued)

#### *Legal and Compliance*

- Non-compliance with laws, regulations, network license requirements. This includes, but is not limited to GDPR, Gender pay Gap reporting, anti-discrimination and the modern slavery act. If these events occur, the unauthorised disclosure and non-compliance to laws and regulations may have a material adverse effect on our reputation, which could steer our customers away from trading with us and lead to financial losses from remedial actions, or potential liability, including possible litigation and punitive damages. Compliance meetings, which are attended by representatives from various operating units, are held on a regular cadence to discuss concerns on relevant legal requirements and reportable conditions, if any.

#### *Foreign currency fluctuations*

- The Company trades in different countries outside of the United Kingdom exposing it to fluctuations in foreign currency exchange rates that may result in losses in certain periods. To manage the fluctuations and aid to business profitability, we match sales and purchases with the same currency to the extent we can commercially do so and maintain different currency denominated bank accounts.

### Other identified risks and uncertainties

Management has determined the following applicable risks and uncertainties that may impact the Company's future performance, but which impact is not identified to be material to the financial statements.

#### *Vendor and customer partnership*

- Termination of the Company's major supplier agreements or product supply shortages may adversely impact results of operations. Dedicated sales support contacts are assigned for significant customers to nurture our partnerships.
- Significant changes in supplier terms, such as volume discounts or rebates, a reduction in the number of incentives available, reduction or termination of price protection, stock rotations or other stock management programs or reductions in payment terms may adversely impact operations or financial conditions. To minimise potential risks, management ensures great vendor relations are maintained by Pillar Leads.

#### *Macroeconomic factors*

- The global uncertainty around component shortages, supply chain vendor shortages and the current situation in Ukraine, may impact the ability to receive products from our suppliers on a timely basis. Management continuously works with vendors to establish initiatives that will aid to the challenges brought by unforeseen events, such as delivery arrangements.

#### *Climate-related risks*

- The Company's warehouses may be exposed to severe weather events which could cause significant damage to the property and technology which could cause major disruptions to the operations. To mitigate this risk, the Company obtains property damage and business interruption insurance. Management acknowledges that there remains a residual risk that such insurance would be fully adequate to cover any losses the Company may incur. Further discussions on other climate-related risks are described under Climate and Environment section of the Director's report.

# Westcoast Limited

## Strategic Report for the year ended 31 December 2023 (continued)

### Other identified risks and uncertainties (continued)

#### *People risk*

- Loss of talent, skill set, knowledge of business and key business relations, inability to recruit supply chain and operational personnel across key functions such as sales, IT, finance, product management and warehousing may limit our operations and therefore may have unfavourable impact on our performance.

### Stakeholder Engagement (Section 172)

The directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act 2006, and in doing so they have 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; and
- the requirement of the Company in maintaining its reputation for high standards of business conduct.

### How the Board determines the consequences of its decisions in the long term

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 business can continue its critical work supplying the UK and Europe's technology infrastructure in light of the macroeconomic uncertainties.

The Board of Directors meets quarterly to consider a range of compliance issues including Health and Safety, Tax Policy, Modern Slavery, Gender Gap Reporting, Climate-related Risks and Opportunities 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 and threats are reviewed by senior executives and Board Directors. New internal projects – eg 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.

### How the Board engages with its key stakeholders

#### **Our people**

People are the lifeblood of our Company and Westcoast is committed to creating an inclusive workplace that embraces diversity, gives people a competitive advantage, and enables them to fulfill their goals and ambitions.

Our goal is to ensure we provide an environment for our people to learn and develop. We offer training at all levels through the business and support employees through vocational training and courses including "Managers essentials training" and "Women's sat nav to success", to name a few.

## **Westcoast Limited**

### **Strategic Report for the year ended 31 December 2023 (continued)**

#### **Stakeholder Engagement (Section 172) (continued)**

##### **How the Board engages with its key stakeholders (continued)**

###### ***Our people (continued)***

We have initiatives on improving staff welfare that include prioritising family commitments, mental health and regular communication with all employees invited to have regular recorded 'Chats' throughout the year setting individual goals for every employee. Awareness on Wellbeing events (such as Pride month, cancer awareness month) are promoted and commemorated. Westcoast have 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 and is dedicated to providing employee assistance programmes including training mental health first aiders across the business, utilising external occupational mental health specialists such as collaboration with Every Mind to touch on difficult subjects like suicide awareness and bereavement loss, bespoke interactive webinars in partnership with MIND, regular encouragement to speak to managers, a HR helpline and constant communication with those staff members working at home.

###### ***Diversity and Inclusion***

Westcoast continues to progress in its diversity and inclusion strategy by working with our employees on our culture, our practices and our policies. The Board promotes diversity and inclusion across the business to all employees and their managers through diversity, equity and inclusion trainings for all employees based in the UK and Ireland.

###### ***Communication and Measurement***

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 as 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.

Ongoing training is provided to all staff through a learning and development team and on-site peer group buddying. Training can be delivered through a fully auditable e-learning platform to ensure compliance as well as monitoring performance. The Board sees training as critical in improving individual and team performance as well as enhancing individual management skills.

Westcoast operates in a large open plan office where informal communication is frequent. We also provide various platforms for all our employees to access career development trainings and skills enhancements accessible through our intranet and Sharepoint sites.

All teams were encouraged to have their own 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 data analytics tools, such as 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 monitor performance against financial goals each month and in the foreseeable future, making interventions as necessary.

# Westcoast Limited

## Strategic Report for the year ended 31 December 2023 (continued)

### Stakeholder Engagement (Section 172) (continued)

#### How the Board engages with its key stakeholders (continued)

##### Our customers

The technology market is extremely dynamic and competitive. Westcoast sells 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.

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

In the Company's role as a leading ambassador for the delivery of technology to UK companies for both their UK and export deliveries as well as supporting Westcoast Ireland and Westcoast France, the Company has been at the heart of challenges presented by the UK's exit from the European Union. Despite the challenges, Westcoast is using its EU-based subsidiaries and warehouses to have an effective export deliveries.

##### Our suppliers

At Westcoast we are recognised for our powerful partnerships with our vendors and we are proud to be an enabler of the channel. We act as an aggregator, bringing our vendors and resellers closer so we can all win together. We are in a unique position because we understand our resellers' business and know what they need from vendors to help them grow.

We only form partnerships with the world's strongest vendors which allows us to specialise in the vendor's full range of products and services with our 'narrow and deep' approach. The Westcoast product range spans across the whole IT, consumable, software and electrical spectrum. This covers whole computing spectrum ranging from desktop PC and notebook products through to software, high end server solutions, network products, printers, peripherals, spare parts and consumables and offering creative credit, marketing and logistics services to more than 5,000 customers. To ensure we deliver an exceptional service to the partners we represent, we have a dedicated employee count of circa 300 warehouse operatives and access to around 100 temporary staff at any point in time. Westcoast currently handles over 30,000 different products every year through our partnership with over 400 vendors. Westcoast also often acts as a fulfilment business largely for technology companies. We process 4 million orders per year to all the major UK and European retailers.

##### Community and Environment

Westcoast is striving to make Environment, Social and Governance the lynch pin of all future activity. We have continued our support for 3 of the UN Sustainable Development Goals that are most relevant to our business objectives as a framework for the Company's commitment to its local, relevant and global stakeholders:

###### *Goal 4 – Quality Education*

As a leading UK IT business, Westcoast recognises the role it can play in inspiring young people to pursue a career in technology. In conjunction with the West Berkshire Business Partnership, Westcoast has created the Bright Sparks programme. Our employee volunteers attend local schools in Newbury, Thatcham, Theale and Reading to work with, mentor and inspire young students, through an expert viewpoint into the IT industry, sharing opportunities and giving them a flavour of how distribution and technology innovation works so they can see technology in a whole new light. This award-winning programme has proven so successful; we will now be rolling it out to a wider area and an increased number of schools.

## **Westcoast Limited**

### **Strategic Report for the year ended 31 December 2023 (continued)**

#### **Stakeholder Engagement (Section 172) (continued)**

##### **How the Board engages with its key stakeholders (continued)**

##### **Community and Environment (continued)**

###### *Goal 4 – Quality Education (continued)*

In addition, Westcoast spends 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. Our mission is to continue to help young people see their own potential and the value and positivity they will ultimately bring to the world of work.

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 General National Vocational Qualification 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. Westcoast's Gender Pay Gap report is available on the Westcoast web-site. In 2023, the average bonus paid to female employees increased by 15.4% compared with 2022.

We delivered Equality, Diversity and Inclusion training to all our employees based in the UK and Ireland and have embedded the learning into all inductions and management training. We also participate in and promote the Women in Channel Awards and during the year, nine Westcoast team members are finalists in eleven categories at the 2023 Women and Diversity Channel Awards.

We continue to drive our Westcoast Commits Programmes of Gender Equality, Quality Education and Sustainable Consumption Environment to attract more young people and women to Westcoast and the IT channel. Our mission is to continue building a positive and inclusive culture and to work with more schools, more students and education leavers to elevate the IT channel as a prospective and successful career path.

###### *Goal 12 – Responsible Consumption and Production*

Preserving the planet for future generations is important to Westcoast. The Company recognises that as an important part of the supply chain, 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 aims to achieve net zero carbon across our supply chain which includes Scope 1, 2 and 3 by 2050 and aims to limit it to 1.5 degrees above pre-industrial levels in line with The Paris Agreement. Westcoast is constantly looking for new ways to improve sustainability performance both internally and externally. Company practices have recently been reviewed and the knowledge gains have helped in adopting changes internally, as well as supporting partners and engagements with vendors.

As part of its commitments, Westcoast has established a dedicated sustainability committee that meets monthly to drive focus and shape strategy. It has tailored and published an Environmental Policy on its website.

## **Westcoast Limited**

### **Strategic Report for the year ended 31 December 2023 (continued)**

#### **Stakeholder Engagement (Section 172) (continued)**

#### **How the Board engages with its key stakeholders (continued)**

#### **Community and Environment (continued)**

#### *Goal 12 – Responsible Consumption and Production (continued)*

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 partnered with Arete Zero Carbon to guide the Company in establishing a carbon emission reduction plan. The Company also promotes its suppliers' environmental credentials as well as assisting customers with their requirements for promoting sustainability when delivering technology. As part of Westcoast's 40th anniversary celebrations, it partnered with World Land Trust and Eden Reforestation projects to plant 40,000 trees and purchase 40 acres of wildlife-rich land to help protect threatened habitats, reduce air pollution and capture an estimated 12,000 tonnes of Carbon dioxide.

Finally, as part of Westcoast's commitment to making difference in its local communities and the industries in which it operates, the Company facilitates outreach programmes and initiates charity events. The employees have elected to support the work and fund-raising efforts of Cancer Research. Westcoast will support employees in their individual and team fund-raising activities and promote them widely throughout the Company. Donations to the Royal Berkshire Hospital will allow the children's playroom to be transformed in a full refurbishment project. In addition, The Prince's Trust is a wonderful charity that inspires young people to develop new skills and start their own businesses – often with IT at the heart of them. We work closely with many large IT companies to support their individual Prince's Trust programmes, and also encourage our own staff to take part in the charity's biggest annual fundraising event.

In 2023, the Company's charity partner is Mind. Mind is a mental health charity offering support through advice and local services. The Company also supports the Henley Festival, which Westcoast has been supporting since the event creation. The Festival's charitable programme RISE nurtures the next generation of talent, helping young people get into the arts either as performers, or working behind the scenes.

#### **Non-financial and Sustainability Information Statement (NFSIS)**

Westcoast Limited has taken the exemption of disclosing its separate NFSIS, as these information has been included in the consolidated report filed by its ultimate parent company, Westcoast Group Holdings Limited.

This report was approved by the board and signed by its order.



E Garvey  
**Company secretary**  
27 June 2024

# Westcoast Limited

## Directors' Report for the year ended 31 December 2023

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2023.

### **Future Developments and Market Outlook**

Demand for IT products and Westcoast services are currently subdued as the weight of inflation and high cost of capital still burden most businesses, causing delays in IT equipment refreshes and hardware infrastructure upgrades. However, as more businesses move to digitise and capitalise on the future of AI capabilities, businesses and work forces will invariably require more sophisticated technology which will be delivered by leading brands which we represent.

With this, we see future growth for the business in technology areas such as Cybersecurity, Cryptocurrency, Automation, Artificial Intelligence, 5G technology, Cloud, and Mobile to name a few. We have been working hard internally to identify opportunities and create efficiencies within our own business that benefit both us and our partners.

We are persistently looking at how we can further capitalise on these evolving technologies through existing and new partnerships. We continuously pursue an aggressive growth strategy by attracting new vendors, opening new sales channels and developing new services all whilst maintaining a consistent level of profitability. New opportunities such as these 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 leading IT distributor. Westcoast has strong prospects of another successful year ahead.

### **Statement of engagement with suppliers, customers and others in a business relationship with the company and Employee Engagement**

Please refer to the Strategic report under S172 statement.

### **Results and dividends**

The Company's profit for the financial year is £35,990,000 (2022: £37,037,000).

The directors recommended and paid dividends of £30,000,000 during the year (2022: £25,000,000).

### **Directors**

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

A Hemani  
P Harman  
S Madhani  
C Oxley  
K Harris  
P Hamilton  
P Bell  
E Garvey  
A Tatham (appointed 1 June 2023)  
M Davies (appointed 1 November 2023)  
A Newberry (resigned 1 March 2023)

### **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.

## Westcoast Limited

### Directors' Report for the year ended 31 December 2023

#### (continued)

#### 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.

##### *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 operational covenants and a financial covenant which are measured against the consolidated financial performance of the Group headed by the ultimate parent company (note 23). The financial covenant requires that the Company ensures that at all times, Interest Cover in respect of any Relevant Period shall not be less than 3:1 on a quarterly basis. 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 trades in different countries outside of the United Kingdom exposing it to fluctuations in foreign currency exchange rates that may result in losses in certain periods. To manage the fluctuations and aid to business profitability, we match sales and purchases with the same currency to the extent we can commercially do so and maintain different currency denominated bank accounts.

##### *Interest rate cash flow risk*

The Company has interest bearing liabilities. Interest bearing liabilities include borrowing from invoice discounting facility 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, Westcoast encourages 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.

## **Westcoast Limited**

### **Directors' Report for the year ended 31 December 2023**

#### **(continued)**

##### **Climate and Environment**

The Company is aware of its environmental obligations and actively promotes environmental initiatives with its employees, customers and suppliers. Please refer to Strategic Report for further discussion.

##### **Streamlined Energy and Carbon Reporting (SECR)**

Westcoast Limited has taken the exemption of disclosing its separate SECR, as these information have been included in the consolidated report filed by its ultimate parent company, Westcoast Group Holdings Limited.

##### **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 also 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 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.

# Westcoast Limited

## Directors' Report for the year ended 31 December 2023 (continued)

### 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, which was renegotiated on 19 December 2022 to increase from £300m to £450m, was replaced on 26 June 2024 with a £450m committed facility for a three year period thereafter, due to expire in June 2027. This facility provides additional working capital required to support the growth objectives of the Group.

At the time of approval of this report, the Company continues to trade in line with expectations. The Board is confident that whilst current trading conditions will fluctuate depending on the impact of the current macroeconomic situation, our trading history has proved the importance of IT, the agility of the IT Channel and of Westcoast in particular. Having modelled a severe but plausible downside scenario assuming a 10% decline in revenue, the Board is confident that the Company will continue to operate as a going concern and is well placed at this uncertain time.

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.

From time to time, the ultimate shareholder of the group is approached in regards to acquisition of some of all or parts of the Westcoast group, including the Company. The directors consider the potential implication of any proposal for acquisition on the target entities, and are confident that any future transaction(s) do not impact the Directors assessment that the Company remains a going concern. The Directors would not accept any offer that would put the going concern of the Company in doubt.

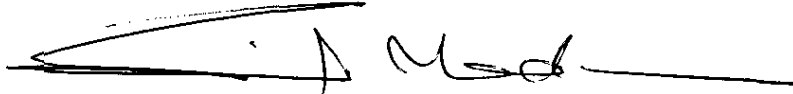
### Post Balance sheet events

As disclosed above, subsequent to balance sheet date, the Company was able to secure extension of its invoice discounting facility.

### 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  
27 June 2024

# **Westcoast Limited**

## **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 2023 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, including 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 2023; 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.

## **Westcoast Limited**

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

#### **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.

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 2023 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.

## **Westcoast Limited**

### **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**

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 corporation and other taxes, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Companies Act 2006. 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:

- Enquiry of management including individuals outside of finance, those charged with governance and the entity's in-house legal counsel around actual and potential instances of fraud, 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.

## **Westcoast Limited**

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

#### **Responsibilities for the financial statements and the audit (continued)**

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](http://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  
27 June 2024

## Westcoast Limited

### Statement of comprehensive income for the year ended 31 December 2023

|  | Note | 2023<br>£'000      | 2022<br>£'000 |
|--|------|--------------------|---------------|
| <b>Turnover</b>                        | 4    | <b>3,154,961</b>   | 3,304,443     |
| Cost of sales                          |      | <b>(3,054,602)</b> | (3,198,255)   |
| Gross profit                           |      | <b>100,359</b>     | 106,188       |
| Administrative expenses                |      | <b>(52,979)</b>    | (57,848)      |
| <b>Operating profit</b>                | 5    | <b>47,380</b>      | 48,340        |
| Interest receivable and similar income | 7    | <b>5,287</b>       | 1,606         |
| Interest payable and similar expenses  | 7    | <b>(7,134)</b>     | (5,862)       |
| <b>Profit before taxation</b>          |      | <b>45,533</b>      | 44,084        |
| Tax on profit                          | 8    | <b>(9,543)</b>     | (7,047)       |
| <b>Profit for the financial year</b>   |      | <b>35,990</b>      | 37,037        |

The Company has no other comprehensive income.

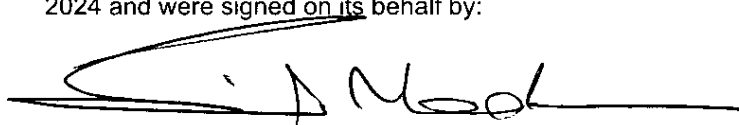
# Westcoast Limited

## Balance sheet at 31 December 2023

|  | Note | 2023<br>£'000    | 2022<br>£'000 |
|--|------|------------------|---------------|
| <b>Fixed Assets</b>                                    |      |                  |               |
| Intangible assets                                      | 9    | 1,727            | 1,649         |
| Tangible assets  | 10   | 7,073            | 7,175         |
|  |      | <b>8,800</b>     | 8,824         |
| <b>Current assets</b>                                  |      |                  |               |
| Inventories  | 12   | 303,998          | 332,820       |
| Debtors  | 13   | 552,179          | 439,255       |
| Cash and cash equivalents                              |      | 119,750          | 35,067        |
|  |      | <b>975,927</b>   | 807,142       |
| <b>Creditors - Amounts falling due within one year</b> | 14   | <b>(851,005)</b> | (688,750)     |
| <b>Net current assets</b>                              |      | <b>124,922</b>   | 118,392       |
| <b>Total assets less current liabilities</b>           |      |                  |               |
|  |      | <b>133,722</b>   | 127,216       |
| Provisions for liabilities                             | 16   | (4,238)          | (3,722)       |
| <b>Net assets</b>                                      |      | <b>129,484</b>   | 123,494       |
| <b>Capital and reserves</b>                            |      |                  |               |
| Called up share capital                                | 18   | 10               | 10            |
| Retained earnings                                      |      | 129,474          | 123,484       |
| <b>Total equity</b>                                    |      | <b>129,484</b>   | 123,494       |

The notes on pages 21 to 40 are an integral part of these financial statements.

The financial statements on pages 18 to 40 were approved by the board of directors on 27 June 2024 and were signed on its behalf by:



S Madhani  
**Director**  
Westcoast Limited  
Registered number: 01816587

## Westcoast Limited

### Statement of changes in equity for the year ended 31 December 2023

|  | Called up<br>share capital | Retained<br>Earnings | Total          |
|--|----------------------------|----------------------|----------------|
|  | £'000                      | £'000                | £'000          |
| Balance as at 1 January 2022                                     | 10                         | 111,447              | 111,457        |
| Profit for the year  | —                          | 37,037               | 37,037         |
| Total comprehensive income for the year                          | —                          | 37,037               | 37,037         |
| Dividends  | —                          | (25,000)             | (25,000)       |
| Total transactions with owners, recognised<br>directly in equity | —                          | (25,000)             | (25,000)       |
| Balance as at 31 December 2022                                   | 10                         | 123,484              | 123,494        |
| <b>Balance as at 1 January 2023</b>                              | <b>10</b>                  | <b>123,484</b>       | <b>123,494</b> |
| Profit for the year  | —                          | 35,990               | 35,990         |
| Total comprehensive income for the year                          | —                          | 35,990               | 35,990         |
| Dividends  | —                          | (30,000)             | (30,000)       |
| Total transactions with owners, recognised<br>directly in equity | —                          | (30,000)             | (30,000)       |
| <b>Balance as at 31 December 2023</b>                            | <b>10</b>                  | <b>129,474</b>       | <b>129,484</b> |

# Westcoast Limited

## Notes to the financial statements for the year ended 31 December 2023

### 1 General Information

Westcoast Limited (the 'Company' or 'Westcoast') 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 fulfillment, 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 in England and Wales 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 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, which was renegotiated on 19 December 2022 to increase from £300m to £450m, was replaced on 26 June 2024 with a £450m committed facility for a three year period thereafter, due to expire in June 2027. This facility provides additional working capital required to support the growth objectives of the Group.

At the time of approval of this report, the Company continues to trade in line with expectations. The Board is confident that whilst current trading conditions will fluctuate depending on the impact of the current macroeconomic situation, our trading history has proved the importance of IT, the agility of the IT Channel and of Westcoast in particular. Having modelled a severe but plausible downside scenario assuming a 10% decline in revenue, the Board is confident that the Company will continue to operate as a going concern and is well placed at this uncertain time.

# Westcoast Limited

## Notes to the financial statements for the year ended 31 December 2023 (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.

From time to time, the ultimate shareholder of the group is approached in regards to acquisition of some of all or parts of the Westcoast group, including the Company. The directors consider the potential implication of any proposal for acquisition on the target entities, and are confident that any future transaction(s) do not impact the Directors assessment that the Company remains a going concern. The Directors would not accept any offer that would put the going concern of the Company in doubt.

#### 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.

# Westcoast Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

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

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 Holdings Limited group have not been disclosed in these financial statements. The Company discloses transactions with related parties which are not wholly owned within the same group.

#### 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.

#### 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. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

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.

## **Westcoast Limited**

### **Notes to the financial statements for the year ended 31 December 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Revenue recognition (continued)**

###### **(i) Sale of goods – wholesale and retail**

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

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

###### **(ii) Sale of goods – internet-based transactions**

The Company sells goods via its websites for delivery to the customer. Revenue is recognised when the risks and rewards of 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.

###### **(iii) Sale of cloud software subscriptions or similar**

The Company sells licences via Westcoast Cloud (a division within the Company). Revenue is recognised for perpetual licences when the licence is available. Revenue for cloud licences is recognised when the risks and rewards of ownership of the licence is consumed 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 service has been rendered and when the benefits have been transferred and acknowledged by the customer.

###### **(v) Rendering of services**

Turnover from a contract to provide services is recognised on a straight-line basis over the period of the contract or the period to which the services are provided, when the amount of turnover can be reliably measured, and it is probable the company will receive the consideration due under the contract.

###### **(vi) Bill and hold revenue**

The Company enters into various bill and hold arrangements where revenue is recognised when the risks and rewards have been transferred based upon specific provisions of the bill and hold agreement.

Revenue is recognised at invoice date when risk in goods is passed to the buyer provided that it is probable that delivery will be made; the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised; the buyer specifically acknowledges the deferred delivery instructions; and the usual payment terms apply. The title passes to the buyer only upon payment to protect the collectability of the amounts due which is an insignificant risk of ownership, hence, revenue is still recognised despite the outstanding balance not collected at the balance sheet date.

# Westcoast Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Revenue recognition (continued)

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 risk of 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.

#### 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.

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 Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### (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 the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Deferred tax assets including unrelieved losses 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. Deferred tax is measured on an undiscounted basis.

#### 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 and 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 under 'Other operating income' or 'Administrative expenses'.

#### 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. Bank overdrafts are shown within borrowings on current liabilities.

# Westcoast Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

#### 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 Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other debtors, 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.

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. The Company enters into non-recourse debt factoring arrangement where the associated financial assets are derecognised when the amounts are factored as the risks and rewards are being transferred. The Company also has debt factoring arrangements with recourse, where the associated financial asset is not derecognised as the risks and rewards have not been transferred. The Liability associated with these arrangements is presented within Note 15.

# Westcoast Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Financial instruments (continued)

##### (ii) Financial liabilities

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

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. See note 14 for further details.

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 a legally 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.

##### (i) 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.

##### (ii) 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.

# **Westcoast Limited**

## **Notes to the financial statements for the year ended 31 December 2023 (continued)**

### **2 Accounting policies (continued)**

#### **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**

#### **Judgements and estimates in applying the accounting policies**

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

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

#### **Critical judgements in applying the Company's accounting policies**

##### ***Supplier finance arrangements***

The Company utilises short-term supplier finance providers to settle liabilities early in order to benefit from early settlement discounts. Assessing whether or not creditors subject to supplier financing arrangements have been extinguished/substantially modified requires judgement. 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.

#### **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 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.

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 3 Critical accounting judgements and estimation uncertainty (continued)

##### *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, such as stock obsolescence, market decline and expected returns, which are highly sensitive to the impacts of technological developments. The carrying value of the inventory provision for the Company as at 31 December 2023 is presented in Note 12.

##### *Revenue Cut Off*

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.

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 total sales close to year-end. Separately, management reviews individual large transactions on a case-by-case basis, which reduces the opportunity for error.

##### *Vendor arrangements*

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.

#### 4 Turnover

Analysis of turnover by geography:

|                | 2023             | 2022             |
|----------------|------------------|------------------|
|                | £'000            | £'000            |
| United Kingdom | 2,751,430        | 2,995,222        |
| Rest of Europe | 382,740          | 284,032          |
| Rest of World  | 20,791           | 25,189           |
|                | <b>3,154,961</b> | <b>3,304,443</b> |

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 4 Turnover (continued)

Analysis of turnover by category:

|                   | 2023             | 2022             |
|-------------------|------------------|------------------|
|                   | £'000            | £'000            |
| Sales of goods    | 3,141,226        | 3,293,307        |
| Sales of services | 13,735           | 11,136           |
|                   | <b>3,154,961</b> | <b>3,304,443</b> |

#### 5 Operating profit

|  | 2023          | 2022          |
|--|---------------|---------------|
|  | £'000         | £'000         |
| <b>Operating profit is stated after charging/ (crediting):</b>   |               |               |
| Wages and salaries   | 40,429        | 38,975        |
| Social security costs  | 3,793         | 4,100         |
| Other pension costs  | 741           | 709           |
| <b>Staff costs</b>   | <b>44,963</b> | <b>43,784</b> |
| (Gain on reversal of impairment)/Impairment of trade receivables | (715)         | 1,802         |
| Impairment of inventory (included in 'cost of sales')            | 910           | 867           |
| Inventory recognised as an expense                               | 3,019,712     | 3,167,880     |
| Services provided by the company's auditors:                     |               |               |
| Fees payable for the audit                                       | 347           | 351           |
| Fees payable for taxation compliance services                    | 33            | 216           |
| Foreign exchange gain  | (10)          | (1,772)       |
| Operating lease charges  | 4,439         | 4,413         |

#### **Liability Limitation Agreement**

The directors of the Company have agreed with the Company's auditors that the auditor's liability to damages for the breach of duty in relation to the audit of the Company's financial statements, for the year to 31 December 2023, and the financial statements of Westcoast Group Holdings Limited (the 'ultimate parent company') and its other subsidiary companies whose statutory audits are governed by the same agreement with the auditor (the 'subsidiaries') will be limited to the greater of £5 million or 5 times the total audit fees agreed in the engagement letter, and that, in any event the auditor's liability for damages should be limited to that part of any loss suffered by the Company as is just and equitable having regard to the extent to which the auditor, the ultimate parent company, the subsidiaries and any third parties are responsible for the loss in question. The shareholder of the ultimate parent company and its subsidiaries waived the need for approval of this liability limitation agreement, as required by the Companies Act 2006, by a resolution dated 28 February 2024.

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 6 Employees and directors

##### Employees

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

|                                      | 2023<br>No. | 2022<br>No. |
|--------------------------------------|-------------|-------------|
| Management                           | 8           | 8           |
| Warehouses and distribution          | 296         | 307         |
| Administration and central functions | 586         | 588         |
|                                      | <b>890</b>  | <b>903</b>  |

##### Directors

The directors' emoluments were as :

|  | 2023<br>£'000 | 2022<br>£'000 |
|--|---------------|---------------|
| Directors' emoluments                                      | 2,542         | 2,035         |
| Directors' pension contributions to money purchase schemes | 10            | 10            |

##### Highest paid director

The highest paid director's emoluments were as follows:

|                       | 2023<br>£'000 | 2022<br>£'000 |
|-----------------------|---------------|---------------|
| Directors' emoluments | 514           | 469           |
| Pension               | 1             | 1             |

The above details of directors' emoluments relate to nine (2022: eight) 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 for these costs as part of management charge, which also includes administration costs borne by the parent company on behalf of Westcoast Limited. In 2023, this management charge amounted to £10,210,000 (2022: £13,452,000).

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 7 Net Interest expense

|  | 2023           | 2022           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Interest receivable and similar income</b>    |                |                |
| Amounts receivable from group undertakings       | 5,281          | 1,602          |
| Other interest receivable                        | 6              | 4              |
|  | <b>5,287</b>   | <b>1,606</b>   |
|  |                |                |
|  | 2023           | 2022           |
|  | £'000          | £'000          |
| <b>Interest payable and similar expenses</b>     |                |                |
| Interest expense on invoice discounting facility | 5,926          | 5,180          |
| Bank charges and facility fees                   | 606            | 631            |
| Other interest and charges                       | 21             | 51             |
| Interest payable to group undertaking            | 581            | —              |
|  | <b>7,134</b>   | <b>5,862</b>   |
|  |                |                |
|  | 2023           | 2022           |
|  | £'000          | £'000          |
| <b>Net interest expense</b>                      |                |                |
| Interest receivable and similar income           | 5,287          | 1,606          |
| Interest payable and similar expenses            | (7,134)        | (5,862)        |
| <b>Net interest expenses</b>                     | <b>(1,847)</b> | <b>(4,256)</b> |

#### 8 Tax on profit

|   | 2023         | 2022         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| <b>Tax expense included statement of comprehensive income</b> |              |              |
| Current tax:  |              |              |
| UK corporation tax on profits for the year                    | 9,307        | 7,396        |
| Adjustments in respect of prior years                         | (217)        | (381)        |
| Foreign tax suffered  | 24           | 14           |
| <b>Total current tax</b>                                      | <b>9,114</b> | <b>7,029</b> |
| Deferred tax:   |              |              |
| Adjustments in respect of prior years                         | 352          | —            |
| Effect of changes in tax rate                                 | 3            | 6            |
| Origination and reversal of timing differences                | 74           | 12           |
| <b>Total deferred tax (note 17)</b>                           | <b>429</b>   | <b>18</b>    |
|   |              |              |
| <b>Tax on profit</b>  | <b>9,543</b> | <b>7,047</b> |

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 8 Tax on profit (continued)

##### Reconciliation of tax charge

Tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2023 of 23.52% (2022: 19.00%). The differences are explained below:

|  | 2023           | 2022    |
|--|----------------|---------|
|  | £'000          | £'000   |
| <b>Profit before tax</b>   | <b>45,533</b>  | 44,084  |
| Profit before tax multiplied by the standard rate of tax in the UK of 23.52% (2022: 19%) | <b>10,709</b>  | 8,376   |
| Effects of:  |                |         |
| Group relief received not paid for   | <b>(1,825)</b> | (1,216) |
| Expenses not deductible for tax purposes   | <b>498</b>     | 251     |
| Adjustments in respect of prior years  | <b>136</b>     | (381)   |
| Re-measurement of deferred tax – change in UK tax rate                                   | <b>3</b>       | 6       |
| Effects of overseas tax rates  | <b>24</b>      | 14      |
| Income not taxable   | <b>(2)</b>     | (3)     |
| <b>Tax on profit</b>   | <b>9,543</b>   | 7,047   |

##### Tax rate changes

From 1 April 2023 the corporation tax rate for UK entities has increased from 19% to 25%. Accordingly, deferred taxes at the balance sheet date have been measured using 25% tax rate and reflected in these financial statements.

#### 9 Intangible Assets

|                                 | Software Development |
|---------------------------------|----------------------|
|                                 | £'000                |
| <b>Cost</b>                     |                      |
| At 1 January 2023               | 2,389                |
| Additions                       | 740                  |
| <b>At 31 December 2023</b>      | <b>3,129</b>         |
| <b>Accumulated amortisation</b> |                      |
| At 1 January 2023               | (740)                |
| Charge for the year             | (662)                |
| <b>At 31 December 2023</b>      | <b>(1,402)</b>       |
| <b>Net book amount</b>          |                      |
| <b>At 31 December 2023</b>      | <b>1,727</b>         |
| At 31 December 2022             | 1,649                |

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 10 Tangible assets

|                                 | Leasehold<br>Improvements<br>£'000 | Plant &<br>Equipment<br>£'000 | Computer<br>equipment<br>£'000 | Fixtures and<br>fittings<br>£'000 | Total<br>£'000 |
|---------------------------------|------------------------------------|-------------------------------|--------------------------------|-----------------------------------|----------------|
| <b>Cost</b>                     |                                    |                               |                                |                                   |                |
| At 1 January 2023               | 4,896                              | 184                           | 3,926                          | 2,254                             | 11,260         |
| Additions                       | 777                                | 8                             | 652                            | 634                               | 2,071          |
| Disposals                       | —                                  | —                             | (1,348)                        | (337)                             | (1,685)        |
| <b>At 31 December 2023</b>      | <b>5,673</b>                       | <b>192</b>                    | <b>3,230</b>                   | <b>2,551</b>                      | <b>11,646</b>  |
| <b>Accumulated depreciation</b> |                                    |                               |                                |                                   |                |
| At 1 January 2023               | (1,070)                            | (60)                          | (1,990)                        | (965)                             | (4,085)        |
| Charge for the year             | (719)                              | (38)                          | (943)                          | (473)                             | (2,173)        |
| Disposals                       | —                                  | —                             | 1,348                          | 337                               | 1,685          |
| <b>At 31 December 2023</b>      | <b>(1,789)</b>                     | <b>(98)</b>                   | <b>(1,585)</b>                 | <b>(1,101)</b>                    | <b>(4,573)</b> |
| <b>Net book amount</b>          |                                    |                               |                                |                                   |                |
| <b>At 31 December 2023</b>      | <b>3,884</b>                       | <b>94</b>                     | <b>1,645</b>                   | <b>1,450</b>                      | <b>7,073</b>   |
| At 31 December 2022             | 3,826                              | 124                           | 1,936                          | 1,289                             | 7,175          |

#### 11 Investments

|   | Shares in<br>subsidiary<br>undertakings<br>£'000 | Total<br>£'000 |
|---|--|----------------|
| <b>Net book amount at 31 December 2023 and 2022</b> | <b>—</b>   | <b>—</b>       |

Details of principal subsidiary undertakings:

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

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 12 Inventories

|                                | 2023    | 2022    |
|--------------------------------|---------|---------|
|                                | £'000   | £'000   |
| Finished goods held for resale | 303,998 | 332,820 |

Inventories are stated after provision for impairment of £7,529,000 (2022: £7,151,000).

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

#### 13 Debtors

|                                    | 2023    | 2022    |
|------------------------------------|---------|---------|
|                                    | £'000   | £'000   |
| Trade debtors                      | 431,950 | 416,286 |
| Amounts owed by group undertakings | 111,765 | 15,597  |
| Other debtors                      | 1,913   | 2,567   |
| Deferred taxation (note 17)        | —       | 59      |
| Prepayments and accrued income     | 6,552   | 4,746   |
|                                    | 552,179 | 439,255 |

Trade debtors are stated after provision for impairment of £846,000 (2022: £1,716,000).

Amounts owed by group undertakings are unsecured. Included within this balance is £110,357,000 (2022: £14,107,000) which carries interest at Bank of England base rate plus 1.75% (2022: base plus 1.75%) and is repayable on demand. Other amounts are interest free and repayable on demand.

#### 14 Creditors - amounts falling due within one year

|   | 2023    | 2022    |
|---|---------|---------|
|   | £'000   | £'000   |
| Borrowing from invoice discounting facility (note 15) | 45,038  | 33,003  |
| Trade creditors subject to supplier financing         | 206,568 | 187,942 |
| Trade creditors                                       | 542,812 | 406,415 |
| Amounts owed to group undertakings                    | 565     | —       |
| Corporation tax payable                               | 2,741   | 911     |
| Deferred taxation                                     | 370     | —       |
| Other taxation and social security                    | 15,047  | 20,849  |
| Other creditors                                       | 63      | 295     |
| Accruals and deferred income                          | 37,800  | 39,335  |
|   | 851,005 | 688,750 |

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 14 Creditors - amounts falling due within one year (continued)

The Group entered into with recourse invoice facility agreement with Lloyds Bank Commercial Finance Limited (as the lead bank in the syndicated facility). This is secured by an all-asset debenture and a fixed and floating charge over all property and assets present and future of the Group. The invoice discounting facility, which was renegotiated on 19 December 2022 to increase from £300m to £450m, was replaced on 26 June 2024 with a £450m committed facility for a three year period thereafter, due to expire in June 2027. The outstanding balance of the drawdowns from the invoice discounting facility as of 31 December 2023 is £45 million (2022: £33 million) and presented as Borrowing from invoice discounting facility account.

Trade creditors subject to supplier financing relates to unsecured supplier finance working capital facilities. Interest payable on supplier finance during the year was £9,232,000 (2022: £5,473,000) which is included within cost of sales.

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

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency liabilities. At 31 December 2023, the outstanding contracts all mature within 3 months (2022: 3 months) of the year end. The Company is committed to buy €4,500,000 and pay a fixed sterling amount (2022: buy US\$8,310,000 and €4,500,000).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for and GBP:EUR. The fair value impact of the forward-foreign currency contracts is £30,263 (2022: £226,000) and is included as part of Accruals and deferred income under Creditors.

#### 15 Loans and other borrowings

|   | 2023          | 2022          |
|---|---------------|---------------|
|   | £'000         | £'000         |
| Borrowing from invoice discounting facility | 45,038        | 33,003        |
|   | <b>45,038</b> | <b>33,003</b> |

|                                   | 2023          | 2022          |
|-----------------------------------|---------------|---------------|
|                                   | £'000         | £'000         |
| Maturity of debt                  |               |               |
| In one year or less, or on demand | 45,038        | 33,003        |
|                                   | <b>45,038</b> | <b>33,003</b> |

Please refer to note 14 to the financial statements for more details on the invoice discounting facility.

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

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 16 Provisions for liabilities

The Company had the following provisions during the year:

|                            | Dilapidation<br>provisions | Total        |
|----------------------------|----------------------------|--------------|
|                            | £'000                      | £'000        |
| At 1 January 2023          | 3,722                      | 3,722        |
| Addition                   | 516                        | 516          |
| <b>At 31 December 2023</b> | <b>4,238</b>               | <b>4,238</b> |

#### Dilapidation provisions

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 obligation is recognised upfront and capitalised as a tangible asset – see note 10.

#### 17 Deferred tax asset

Deferred taxation recognised in the financial statements is as follows:

|  | Amount recognised |           |
|--|-------------------|-----------|
|  | 2023              | 2022      |
|  | £'000             | £'000     |
| Depreciation in excess of capital allowances           | (371)             | 25        |
| Other timing differences                               | 1                 | 34        |
|  | <b>(370)</b>      | <b>59</b> |
| Movement in the year:                                  |                   |           |
| At 1 January 2023                                      | 59                | (48)      |
| Adjustment in respect of prior years                   | (352)             | —         |
| Movement arising from the transfer of trade            | —                 | 125       |
| Deferred tax charge to income statement for the period | (77)              | (18)      |
| At 31 December 2023                                    | <b>(370)</b>      | <b>59</b> |

#### 18 Called up share capital

|   | 2023  | 2022  |
|---|-------|-------|
|   | £'000 | £'000 |
| <b>Allotted and fully paid</b>                      |       |       |
| 100,000 (2022: 100,000) Ordinary shares of 10p each | 10    | 10    |

## Westcoast Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 19 Dividends

|                     | 2023   | 2022   |
|---------------------|--------|--------|
|                     | £'000  | £'000  |
| Final dividend paid | 30,000 | 25,000 |

During the year a dividend of £30,000,000 (2022: £25,000,000), equivalent to £300 (2022: £250) per ordinary issued share, was declared and paid.

#### 20 Financial commitments

The Company has total commitments under non-cancellable operating leases expiring as follows:

|   | 2023   | 2022   |
|---|--------|--------|
|   | £'000  | £'000  |
| Payments due  |        |        |
| Within one year                                     | 4,446  | 4,363  |
| In more than one year, but not more than five years | 14,005 | 14,895 |
| After five years                                    | 28,044 | 29,894 |
|   | 46,495 | 49,152 |

#### 21 Pension contributions

Pension contributions of £741,000 were paid during the year (2022: £709,138). As at 31 December 2023 £8,000 (2022: £142,000) was owed to the pension schemes recorded under Accruals and deferred income under Creditors.

#### 22 Related party transactions

During the year, the Company entered into transactions with WAM Europe Limited, a joint venture of its immediate parent company, Westcoast (Holdings) Limited. The management and operations recharges netted off against administrative expenses amounted to £318,000 (2022: £150,000). At 31 December 2023, £1,408,146 (2022: £1,272,474) was included in Debtors under amounts owed by group undertakings.

During the year, the Company entered into transactions with Supplies Service Partner BV, a non-controlling joint venture of its immediate parent company, Westcoast (Holdings) Limited. The total value of the transactions included in turnover in respect of Supplies Service Partner BV was £16,293,462 (2022: £11,556,813). At 31 December 2023, £429,472 (2022: £242,999) was included in debtors.

During the year, the Company paid rent to Trustees of the Hemani Children's Settlement of £93,550 (2022: £65,000). Hemani Children's Settlement is set up for the beneficiary of Mr A. Hemani's dependents. At 31 December 2023, there are no outstanding balances in respect of these transactions.

## **Westcoast Limited**

### **Notes to the financial statements for the year ended 31 December 2023 (continued)**

#### **22 Related party transactions (continued)**

During the year, the Company entered into transactions with XMA Limited, a company under common directorship. The total value of the transactions included in turnover in respect of XMA Limited was £155,301,480 (2022: £195,688,912). The IT recharges netted of administrative expenses amounted to £1,527,813 (2022: £926,846). At 31 December 2023, £1,272,967 (2022: £961,499) was included in debtors.

In August 2023, Westcoast (Holdings) Limited and its subsidiaries (including the Company) entered into a €80-million loan facility agreement with Komsa AG, another subsidiary of Westcoast (Holdings) Limited. The Company has drawdown up to €45 million from the facility during the year. Interest expense incurred from the loan amounted to £581,161 and is recorded as Interest payable to group undertaking under Interest payable and other similar expenses account in the statement of comprehensive income (see Note 7). There are no outstanding liabilities as of 31 December 2023 and there are no similar transactions in 2022.

#### **23 Controlling parties**

At the reporting date, the directors consider the immediate parent undertaking of the Company to be Westcoast (Holdings) Limited and the ultimate parent undertaking is Westcoast Group Holdings Limited, both companies are registered in England and Wales. Westcoast Group Holdings Limited is the largest and smallest group in which Westcoast Limited is consolidated. The address of its registered office is Arrowhead Park, Arrowhead Road, Theale, Reading, Berkshire, England RG7 4AH. 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.

#### **24 Post Balance sheet event**

The invoice discounting facility, which was renegotiated on 19 December 2022 to increase from £300m to £450m, was replaced on 26 June 2024 with a £450m committed facility for a three year period thereafter, due to expire in June 2027.