

## GROUP TAX STRATEGY

### SCOPE

The Group's tax strategy primarily deals with the UK companies within the Westcoast Holdings Ltd Group, however the principles of fairness and legality will apply to all Group companies.

Our tax strategy is to maintain the good standard of tax compliance. We support the execution of the Westcoast Holdings Ltd Group business vision of being open-minded to all opportunities by managing our tax affairs in compliance with local law and international guidelines.

### OVERVIEW OF INTERNAL GOVERNANCE

The Group tax strategy is designed to be consistent with and support the business strategy and corporate ethics, values and governance.

Tax is the ultimate responsibility of the Group Financial Director who sits on the Board and is the Senior Accounting Officer. Day to day tax matters are delegated to the Group Financial Controller and a team of in house professionals who hold a combination of qualifications and experience appropriate to their roles.

The Group Financial Director and Group Financial Controller hold regular meetings with external tax professionals to ensure the Group continues to comply with good practice.

The Group has introduced an internal audit function and a VAT Compliance Officer following the growth and expansion of the Group. Both these functions review or audit the compliance with tax legislation.

### APPROACH TO RISK MANAGEMENT

The management of the Group's tax affairs is a complex process across all areas of the business and as such there will inevitably be risk of errors or omission within those processes. These complexities may result in the incorrect application of tax rules or the calculation of tax returns. Eliminating these risks is impossible, so controls and processes are in place to minimise the risks down to an acceptable level.

The risk register is in the process of being updated and is a standing item on the Board's agenda. Strategic tax risks are included on this overall register. In addition, a detailed tax controls and responsibilities risk matrix is maintained by the Group Financial Controller, this sets out the tax controls in place.

### ATTITUDE TO TAX PLANNING

The Group primarily trades in the UK, but also in a number of European countries and has the responsibility to pay taxes as required by legislation in the UK and each of those countries.

The Group has a responsibility to its owner to deliver value but will only engage in reasonable tax planning that is aligned with commercial and economic activity. Tax will be paid in the jurisdiction that commercial activities take place.

The Group will not be structured to generate profits in favourable tax jurisdictions unless there are genuine commercial reasons for being in those tax jurisdictions. The Group will not enter into transactions that have a main purpose of gaining a tax advantage or make interpretations of tax law that are opposed to its original spirit.

The Group is likely to take the most tax efficient route that delivers the commercial aims, subject to due consideration of the Group's reputation and the relationship with tax authorities. Tax will be a result of the business vision of being open-minded, but will not drive business operations.

The Group will only acquire businesses for strategic purposes and not to take advantages of tax opportunities such as tax losses. New companies will only be located in the tax jurisdiction where there will be genuine commercial activity and not because of the tax regime in that jurisdiction.

The treasury function will be located and managed in the tax jurisdiction its business operates. The Group does not have a target effective tax rate.

## RELATIONSHIP WITH TAX AUTHORITIES

An important part of the Westcoast Holdings Ltd Group's tax strategy is to maintain and develop its strong, proactive relationship with our Customer Relationship Manager at HMRC. The Group values its low risk status and maintains an open dialogue with HMRC and updates them on business activities, results and key developments as they arise. The Group will always seek the views of HMRC on any uncertain tax positions.

## TAX STRATEGY APPROVAL PROCESS

This document is the formalisation of our current practices, which is approved by the Board of Westcoast Holdings Ltd on 11<sup>th</sup> December 2017, sets out the Group's approach to conducting its tax affairs and dealing with tax risks for the year ending 31 December 2017. It will be reviewed, updated and brought to the Board annually.

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