

Company Registration No. 1857310 (England and Wales)

Wesco Aircraft Europe Limited

**Abbreviated Accounts
For The Year Ended 31 January 2004**



WESCO AIRCRAFT EUROPE LIMITED

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WESCO AIRCRAFT EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2004

The directors present their report and financial statements for the year ended 31 January 2004.

Principal activities and review of the business

The principal activity of the company is that of the supply of parts to the aircraft industry.

The directors are satisfied with the results for the year and are confident about future prospects.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

It is proposed that the retained profit of £1,358,544 is transferred to the reserves.

Directors

The following directors have held office since 1 February 2003:

R. Snyder

M Beck

(Resigned 31 March 2003)

G Hess

Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 1985.

	Ordinary shares of £ 1 each	
	31 January 2004	1 February 2003
R. Snyder	-	-
G Hess	-	-

As the continuing directors are also directors of Flintbrook Limited, this company's parent company, their interests are not required to be recorded in this company's register of directors interests.

Charitable donations	2004 £	2003 £
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During the year the company made the following payments:

Charitable donations	3,636	2,417
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Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Garbutt & Elliott Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

WESCO AIRCRAFT EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

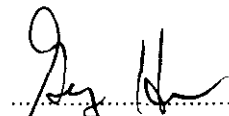
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

On behalf of the board



G Hess

Director

10 July 2004

WESCO AIRCRAFT EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO WESCO AIRCRAFT EUROPE LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 16, together with the financial statements of the company for the year ended 31 January 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

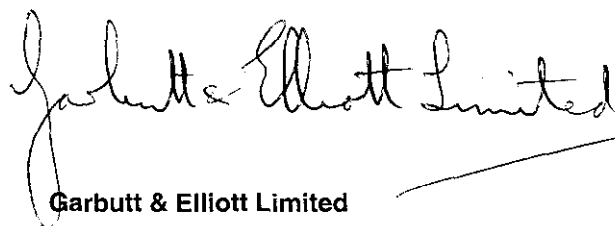
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with that provision.



Garbutt & Elliott Limited

Chartered Accountants
Registered Auditor

22 July 2004

Arabesque House
Monks Cross Drive
Huntington
York
YO32 9GW

WESCO AIRCRAFT EUROPE LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2004

		2004	2003
	Notes	£	£
Gross profit		5,946,742	4,935,331
Administrative expenses		(3,952,480)	(3,187,880)
Operating profit	2	1,994,262	1,747,451
Other interest receivable and similar income		3,722	2,702
Interest payable and similar charges	3	(29,964)	(30,538)
Profit on ordinary activities before taxation		1,968,020	1,719,615
Tax on profit on ordinary activities	4	(609,476)	(551,193)
Profit on ordinary activities after taxation	13	1,358,544	1,168,422

WESCO AIRCRAFT EUROPE LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 JANUARY 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	5	742,338		704,525	
Investments	6	100		100	
		<u>742,438</u>		<u>704,625</u>	
Current assets					
Stocks	7	9,835,362		7,174,301	
Debtors	8	2,563,344		2,946,744	
Cash at bank and in hand		149,909		358,856	
		<u>12,548,615</u>		<u>10,479,901</u>	
Creditors: amounts falling due within one year	9	(5,360,763)		(4,653,368)	
Net current assets		<u>7,187,852</u>		<u>5,826,533</u>	
Total assets less current liabilities		<u>7,930,290</u>		<u>6,531,158</u>	
Creditors: amounts falling due after more than one year	10	(57,812)		(17,224)	
		<u>7,872,478</u>		<u>6,513,934</u>	
Capital and reserves					
Called up share capital	12	20,000		20,000	
Share premium account	13	3,130,127		3,130,127	
Profit and loss account	13	4,722,351		3,363,807	
Shareholders' funds - equity interests	14	<u>7,872,478</u>		<u>6,513,934</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 10 July 2004



G Hess
Director

WESCO AIRCRAFT EUROPE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2004

	2004		2003	
	£	£	£	£
Net cash inflow from operating activities		307,055		995,006
Returns on investments and servicing of finance				
Interest received	3,722		2,702	
Interest paid	(29,964)		(30,538)	
	<u> </u>		<u> </u>	
Net cash outflow for returns on investments and servicing of finance		(26,242)		(27,836)
Taxation		(673,210)		(690,794)
Capital expenditure				
Payments to acquire tangible assets	(274,388)		(141,889)	
Receipts from sales of tangible assets	23,094		3,575	
	<u> </u>		<u> </u>	
Net cash outflow for capital expenditure		(251,294)		(138,314)
		<u> </u>		<u> </u>
Net cash (outflow)/inflow before management of liquid resources and financing		(643,691)		138,062
Financing				
Issue of ordinary share capital	-		3,140,127	
Repayment of other long term loans	-		(2,525,689)	
Capital element of hire purchase contracts	(74,187)		(83,157)	
	<u> </u>		<u> </u>	
Net cash (outflow)/inflow from financing		(74,187)		531,281
(Decrease)/increase in cash in the year		<u><u>(717,878)</u></u>		<u><u>669,343</u></u>

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2004

1	Reconciliation of operating profit to net cash inflow from operating activities	2004	2003
		£	£
	Operating profit	1,994,262	1,747,451
	Depreciation of tangible assets	325,641	289,769
	(Profit)/loss on disposal of tangible assets	(2,010)	1,533
	Increase in stocks	(2,661,061)	(1,788,558)
	Decrease/(increase) in debtors	383,400	(662,061)
	Increase in creditors within one year	266,823	1,406,872
	Net cash inflow from operating activities	307,055	995,006

2	Analysis of net (debt)/funds	1 February 2003	Cash flow	Other non-cash changes	31 January 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	358,856	(208,947)	-	149,909
	Bank overdrafts	(53,965)	(508,931)	-	(562,896)
		<u>304,891</u>	<u>(717,878)</u>	<u>-</u>	<u>(412,987)</u>
	Debt:				
	Finance leases	(68,444)	74,187	(110,150)	(104,407)
	Net funds/(debt)	236,447	(643,691)	(110,150)	(517,394)

3	Reconciliation of net cash flow to movement in net (debt)/funds	2004	2003
		£	£
	(Decrease)/increase in cash in the year	(717,878)	669,343
	Cash outflow from decrease in debt and lease financing	74,187	2,608,846
	Change in net debt resulting from cash flows	(643,691)	3,278,189
	New finance lease	(110,150)	(29,133)
	Movement in net (debt)/funds in the year	(753,841)	3,249,056
	Opening net funds/(debt)	236,447	(3,012,609)
	Closing net (debt)/funds	(517,394)	236,447

4 Major non-cash transactions

During the year the company entered into hire purchase contracts in respect of assets with a total capital value at the inception of the contracts of £110,150 (2003 - £29,133).

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	25 years straight line
Plant and machinery	3 - 5 years straight line
Fixtures, fittings and equipment	3 - 5 years straight line
Motor vehicles	4 years straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated in accordance with the policy stated above. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.9 Deferred taxation

The company fully provides for deferred tax arising from temporary timing differences. The rate of tax applied to such timing differences is the average rate that is expected to apply in the periods when the timing differences are expected to reverse. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

1 Accounting policies (continued)

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2	Operating profit	2004 £	2003 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	325,641	289,769
	Loss on disposal of tangible assets	-	1,533
	Loss on foreign exchange transactions	159,830	-
	Operating lease rentals		
	- Plant and machinery	29,444	24,098
	- Other assets	64,585	62,640
	Auditors' remuneration	9,900	9,900
	and after crediting:		
	Profit on disposal of tangible assets	(2,010)	-
	Profit on foreign exchange transactions	-	(86,164)
		<u>29,964</u>	<u>30,538</u>
3	Interest payable	2004 £	2003 £
	On bank loans and overdrafts	12,445	15,272
	Hire purchase interest	8,460	6,443
	Other interest	9,059	8,823
		<u>29,964</u>	<u>30,538</u>

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

4	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	610,000	560,000
	Adjustment for prior years	(524)	(1,807)
	Current tax charge	609,476	558,193
	Deferred tax		
	Deferred tax credit current year	-	(7,000)
		609,476	551,193
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,968,020	1,719,615
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	590,406	515,885
	Effects of:		
	Non deductible expenses	9,286	13,741
	Depreciation add back	97,692	86,930
	Capital allowances	(86,153)	(60,412)
	Adjustments to previous periods	(524)	(1,807)
	Other tax adjustments	(1,231)	3,856
		19,070	42,308
	Current tax charge	609,476	558,193

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

5 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 February 2003	140,507	478,835	418,952	313,662	1,351,956
Additions	46,832	128,467	70,734	138,505	384,538
Disposals	-	-	-	(103,803)	(103,803)
At 31 January 2004	187,339	607,302	489,686	348,364	1,632,691
Depreciation					
At 1 February 2003	16,765	206,601	250,082	173,983	647,431
On disposals	-	-	-	(82,719)	(82,719)
Charge for the year	5,616	122,151	105,688	92,186	325,641
At 31 January 2004	22,381	328,752	355,770	183,450	890,353
Net book value					
At 31 January 2004	164,958	278,550	133,916	164,914	742,338
At 31 January 2003	123,742	272,234	168,870	139,679	704,525

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 January 2004	120,051
At 31 January 2003	117,441
Depreciation charge for the year	
31 January 2004	41,014
31 January 2003	58,647

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

6 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 February 2003 & at 31 January 2004	100

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Wesco Logistics Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2004 £	Profit for the year 2004 £
Wesco Logistics Limited	100	-

7 Stocks

	2004 £	2003 £
Finished goods and goods for resale	9,835,362	7,174,301

8 Debtors

	2004 £	2003 £
Trade debtors	2,508,783	2,828,967
Other debtors	-	11,000
Prepayments and accrued income	54,561	106,777
	2,563,344	2,946,744

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

9 Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts	562,896	53,965
Net obligations under hire purchase contracts	46,595	51,220
Trade creditors	1,834,171	1,327,486
Amounts owed to subsidiary undertakings	100	100
Corporation tax	263,665	327,399
Other taxes and social security costs	247,226	327,476
Directors' current accounts	-	180
Other creditors	2,222,468	1,989,669
Accruals and deferred income	183,642	575,873
	<u>5,360,763</u>	<u>4,653,368</u>

The bank borrowings are secured by a fixed and floating charge over all company assets. Interest is charged on such borrowings at 1.75% over bank base rate.

Hire purchase contracts are secured against the assets to which they relate.

Other creditors primarily represents amounts owed to a related party, as disclosed in the related party transactions note on page 16.

10 Creditors: amounts falling due after more than one year	2004 £	2003 £
Net obligations under hire purchase contracts	<u>57,812</u>	<u>17,224</u>
Hire purchase contracts are secured against the assets to which they relate.		
Net obligations under hire purchase contracts		
Repayable within one year	51,343	55,354
Repayable between one and five years	60,102	18,334
	<u>111,445</u>	<u>73,688</u>
Finance charges and interest allocated to future accounting periods	(7,038)	(5,244)
	<u>104,407</u>	<u>68,444</u>
Included in liabilities falling due within one year	(46,595)	(51,220)
	<u>57,812</u>	<u>17,224</u>

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

11 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund, as follows:

	2004 £	2003 £
Contributions payable by the company for the year	42,999	44,951

12 Share capital

	2004 £	2003 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	20,000	20,000

13 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 February 2003	3,130,127	3,363,807
Retained profit for the year	-	1,358,544
Balance at 31 January 2004	3,130,127	4,722,351

14 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	1,358,544	1,168,422
Proceeds from issue of shares	-	3,140,127
Net addition to shareholders' funds	1,358,544	4,308,549
Opening shareholders' funds	6,513,934	2,205,385
Closing shareholders' funds	7,872,478	6,513,934

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

15 Financial commitments

At 31 January 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2004	2003	2004	2003
	£	£	£	£
Expiry date:				
Within one year	66,000	-	-	5,558
Between two and five years	-	66,000	-	-
	<u>66,000</u>	<u>66,000</u>	<u>-</u>	<u>5,558</u>

As the company's premises are leased from a related party, the lease is expected to be renewed under the same terms.

16 Directors' emoluments

	2004	2003
	£	£
Emoluments for qualifying services	20,408	62,410
Company pension contributions to money purchase schemes	827	4,884
Compensation for loss of office	44,000	-
	<u>65,235</u>	<u>67,294</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2003- 1).

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2004

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Administration	28	34
Sales	13	9
Warehouse	44	41
	<u>85</u>	<u>84</u>

Employment costs

	£	£
Wages and salaries	1,788,232	1,753,067
Social security costs	195,383	162,791
Other pension costs	42,999	44,951
	<u>2,026,614</u>	<u>1,960,809</u>

18 Ultimate parent company

The ultimate parent company is Flintbrook Limited, a company controlled by R Snyder, a director.

19 Related party transactions

During the financial year the company entered into transactions with related parties as stated below:

Wesco Aircraft Hardware Corp. (WAHC)

WAHC, a company registered in the USA, is controlled by R Snyder, a director of Wesco Aircraft Europe Limited (WAE). During the year WAHC purchased £208,325 (2003 - £173,598) of aircraft parts from, and sold £4,282,080 (2003 - £1,885,927) of aircraft parts to WAE on an arms length basis. At the balance sheet date £2,222,468 (2003 - £1,989,669) was due to WAHC and included within other creditors.

Snyder Family Living Trust (Trust)

The company operates from premises which are owned by the Trust, in which R Snyder, a director of this company, has an interest. Rents payable to the Trust for the year amounted to £66,000 (2003 - £49,500). At the balance sheet date, £3,240 was owed to the Trust and included within other creditors (2003 - £11,000 owed by the Trust and included within other debtors).