

Registered Number 1857310

Wesco Aircraft Europe Limited
Annual Report
for the year ended 30 September 2008

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Wesco Aircraft Europe Limited
Annual Report
for the year ended 30 September 2008
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Wesco Aircraft Europe Limited

Directors' report for the year ended 30 September 2008

The directors present their report and the audited financial statements of the company for the year ended 30 September 2008.

Principal activities

The company's principal activity during the year was to supply parts to the aircraft industry.

Review of business

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

Principal risks and uncertainties affecting the company are twofold:

- 1 General developments within and outside of the aviation industry can affect the company's operations. Orders for new aircraft can be affected by projected air traffic growth and military requirements, as well as the original equipment manufacturer ("OEM")'s ability to manage their build rates. Overall, orders from airlines and military/defence agencies tend to be somewhat cyclical and whilst there may be a reduction in demand in the short term the prospects for the medium to long term remain good.
- 2 Manufacturing capacity of the company's vendor base is directly affected by the same developments that affect the company's customers. As such, whenever the aviation industry enters an up cycle, the ability of the company's vendor base to produce products on a timely basis in amounts required to support the company's projected turnover may be impaired from time to time, as was the case in 2008 leading to a growth in margin.

The company has and will continue to employ certain strategies to limit negative effects of these risks and uncertainties. These strategies include closely monitoring the company's investment in products and pricing products accordingly, regular assessments of customers' current and planned product requirements and continuous involvement in vendors' production scheduling and backlogs.

The company uses key performance indicators to assess its performance. The directors believe that the position of the company is good and that it is poised to grow in the coming year. This is evidenced by the growth in turnover of 24% from 2007 and gross profit has also improved to 36%, reflecting a shortage in supply vs. demand, which peaked during the year (2007: 31%). In 2008 administrative costs also benefitted from an exchange gain of £0.3m (2007: exchange loss £1.4m) therefore costs actually grew by 12% on a like-for-like basis.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk, credit risk and foreign exchange risk. The company seeks to limit the effects of such risks through the continuing support of its ultimate parent company and cash forecasts are established in order to analyse more quickly these financial risks.

The company is exposed to commodity price risk as a result of its operations. The company manages the risk through supply agreements which provide against such commodity price risk.

Interest rate risk arises as a consequence of borrowings from banks the borrowings from which are at variable rates of interest. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

The company manages liquidity risk by ensuring sufficient facilities are available for at least the next 12 months and enjoys the support of shareholders.

Wesco Aircraft Europe Limited

The company has implemented policies that require appropriate credit checks on customers before sales are made and the amount of exposure to any individual counterparty is subject to a limit, which is assessed regularly by management. However, to date, the nature of the principal counterparties has meant that the company is not exposed to significant credit risk and foresees no default of third parties which could have a significant impact on the financial statements.

The company is exposed to movements in foreign exchange rates as result of trading in foreign currencies. The company does not hedge against currency risks associated with such transactions.

Results and dividends

The results for the year are set out on page 6. The directors did not pay any dividends during the year and have not recommended payment of a dividend. It is proposed that the retained profit of £6,500,800 is transferred to reserves.

Future developments

The company is financially strong and has the infrastructure to continue its sustained growth pattern with the medium to long term outlook for the aircraft industry remaining strong.

The directors anticipate that the company will continue to secure future business through its aggressive, yet financially conservative, strategy of pursuing long-term arrangements with large OEMs.

Charitable donations

During the year the company made £4,749, (2007:£4,726) in charitable donations.

Directors and their interests

The directors who held office during the year are set out below:

R Snyder
G Hess
A Murray

Auditors

PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution proposing their reappointment will be put to the annual general meeting.

By order of the Board

A Murray
Director



3rd February 2009

Wesco Aircraft Europe Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 confirm that they have complied with the above requirements in preparing the report and accounts.

The directors are responsible for keeping proper accounting records that 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 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.

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board

A Murray
Director



3rd February 2009

Wesco Aircraft Europe Limited

Independent auditors' report to the members of Wesco Aircraft Europe Limited

We have audited the financial statements of Wesco Aircraft Europe Limited for the year ended 30 September 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Wesco Aircraft Europe Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

3 February 2009

Wesco Aircraft Europe Limited

Profit and loss account for the year ended 30 September 2008

	Note	2008 £'000	2007 £'000
Turnover	2	54,158	43,646
Cost of sales		(34,747)	(29,905)
Gross profit		19,411	13,741
Administrative expenses		(9,905)	(10,567)
Operating profit	3	9,506	3,174
Interest receivable and similar income	7	162	361
Interest payable and similar charges	8	(478)	(662)
Profit on ordinary activities before taxation		9,190	2,873
Tax on profit on ordinary activities	9	(2,689)	(847)
Profit on ordinary activities after taxation	19	6,501	2,026

All items dealt with in arriving at operating profit above relate to continuing operations.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Wesco Aircraft Europe Limited

Balance sheet as at 30 September 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	10	1,229	1,125
Investments	11	-	-
		1,229	1,125
Current assets			
Stock	12	21,254	16,126
Debtors	13	14,227	8,963
Cash at bank and in hand		5,712	4,518
		41,193	29,607
Creditors: amounts falling due within one year	14	(20,685)	(15,465)
Net current assets		20,508	14,142
Total assets less current liabilities		21,737	15,267
Creditors: amounts falling due after more than one year	15	(5)	(36)
		21,732	15,231
Capital and reserves			
Called up share capital	18	20	20
Share premium account	19	3,130	3,130
Profit and loss account	19	18,582	12,081
Total shareholders' funds	20	21,732	15,231

The financial statements on pages 6 to 18 were approved by the board of directors on 3/2/09 and were signed on its behalf by:

A Murray
Director



Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2008

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, which have been applied consistently. A summary of the more important policies is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the invoiced value of goods and services supplied, excluding value added tax and trade discounts. Turnover is recognised upon despatch to customers.

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	over the life of the lease
Plant and machinery	3-5 years straight line
Fixtures, fittings and equipment	3-5 years straight line
Motor vehicles	4 years straight line

Leases 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.

Investments

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

Stock

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

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.

Wesco Aircraft Europe Limited

Deferred taxation

Full provision is made for deferred taxation arising from timing differences existing at the balance sheet date where there exists an obligation to pay more, or right to pay less tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax balances are not discounted and are calculated at the tax rates that are expected to apply in the period in which any timing differences are expected to reverse.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at 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 on exchange are taken to the profit and loss account.

Exemption from the obligation to prepare group accounts

The company is a wholly-owned subsidiary of Flintbrook Limited and the results of the company are included in the consolidated financial statements of that company. Accordingly, the company has chosen to take the exemption from preparing group accounts.

Cash flow statement

The company is a wholly owned subsidiary of Flintbrook Limited and is included in the consolidated financial statements of Flintbrook Limited which is publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow under the terms of FRS 1.

2 Turnover

Turnover relates wholly to the company's principal activity. A geographical analysis of turnover is set out below:

	2008 £'000	2007 £'000
United Kingdom	23,336	20,085
Europe	28,286	21,651
North America	1,790	1,159
Rest of the World	746	751
	54,158	43,646

3 Operating profit

	2008	2007
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible assets	373	352
(Gain)/loss on foreign exchange transaction	(320)	1,435
Operating lease rentals		
- plant and machinery	42	27
- other	156	154
Auditors' remuneration – audit services	68	64
Profit on disposal of fixed assets	(4)	(27)

4 Employee information

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

By activity	2008	2007
	Number	Number
Administration	72	69
Sales	36	27
Warehouse	46	48
	154	144

5 Employee costs

	2008	2007
	£'000	£'000
Wages and salaries	3,747	3,557
Social security costs	389	381
Other pensions costs	126	115
	4,262	4,053

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6 Directors' emoluments

	2008	2007
	£'000	£'000
Emoluments for qualifying services	134	156
Company pension contributions to money purchase schemes	7	7
	141	163

The emoluments of Mr R Snyder and Mr G Hess are paid by the ultimate parent company. The ultimate parent company does not make a specific recharge to the company in respect of their emoluments. Accordingly, the above details include no emoluments in respect of Mr R Snyder or Mr G Hess.

Retirement benefits are accruing to one director (2007: one) under money purchase pension schemes.

7 Interest receivable

	2008	2007
	£'000	£'000
Bank interest	162	361

8 Interest payable

	2008	2007
	£'000	£'000
On bank loans and overdrafts	459	651
Hire purchase interest	5	6
Other interest	14	5
	478	662

9 Taxation

	2008 £'000	2007 £'000
Current tax		
UK corporation tax	2,720	908
Adjustment in respect of prior years	10	16
Current tax charge	2,730	924
Deferred tax		
Origination and reversal of timing differences	(32)	(17)
Adjustment in respect of prior years	(16)	(60)
Effect of change in tax rates	7	-
Total deferred tax (note 16)	(41)	(77)
Tax on profit on ordinary activities	2,689	847
Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	9,190	2,873
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 29% (2007: 30%)	2,665	862
Effects of:		
Non-deductible expenses	23	29
Accelerated capital allowances	32	21
Adjustments to previous periods	10	16
Movement in short term timing differences	-	(4)
	65	62
Current tax charge	2,730	924

Factors that may affect future tax charges:

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008.

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10 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2007	746	936	471	279	2,432
Additions	387	54	47	-	488
Disposals	-	-	-	(54)	(54)
At 30 September 2008	1,133	990	518	225	2,866
Accumulated depreciation					
At 1 October 2007	131	689	348	139	1,307
Charge for the year	70	176	73	54	373
Disposals	-	-	-	(43)	(43)
At 30 September 2008	201	865	421	150	1,637
Net book value					
At 30 September 2008	932	125	97	75	1,229
At 30 September 2007	615	247	123	140	1,125

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

	Motor vehicles £'000
Net book values	
At 30 September 2008	60
At 30 September 2007	113
Depreciation charge for the year	
At 30 September 2008	43
At 30 September 2007	56

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11 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 30 September 2007 and 30 September 2008	100
Net book value	
At 30 September 2007 and 30 September 2008	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	Shares held	
		Class	%
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 financial period were as follows:

	Capital and reserves 2008 £	Profit for the period 2008 £
Wesco Logistics Limited (Dormant)	100	-

12 Stocks

	2008 £'000	2007 £'000
Finished goods and goods for resale	21,254	16,126

13 Debtors

	2008	2007
	£'000	£'000
Trade debtors	11,584	8,427
Amounts owed by group undertakings	2,312	144
Prepayments and accrued income	213	315
Deferred tax asset (note 16)	118	77
	14,227	8,963

14 Creditors – amounts falling due within one year

	2008	2007
	£'000	£'000
Bank overdraft	6,237	6,256
Trade creditors	3,083	2,990
Amounts due to group undertakings	9,304	4,824
Net obligations under hire purchase contracts	25	65
Corporation tax	1,239	509
Other taxes and social security costs	246	102
Accruals and deferred income	551	719
	20,685	15,465

The bank overdraft is secured by a fixed and floating charge over all company assets.

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

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15 Creditors – amounts falling due after more than one year

	2008	2007
	£'000	£'000
Net obligations under hire purchase contracts	5	36

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

	2008	2007
	£'000	£'000
Net obligations under hire purchase contracts		
Repayable within one year	27	69
Repayable between one and five years	5	38
	32	107
Finance charges and interest allocated to future accounting periods	(2)	(6)
	30	101
Included in liabilities falling due within one year	(25)	(65)
	5	36

16 Deferred tax

	2008	2007
	£'000	£'000
Deferred tax comprises:		
Accelerated capital allowances	113	73
Other timing differences	5	4
	118	77
Balance at 1 October	77	-
Deferred tax credit in profit and loss account (note 9)	41	77
Deferred tax asset at 30 September	118	77

Wesco Aircraft Europe Limited

17 Pension commitments

The company operates a defined contribution 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 totalling £126,000 (2007: £115,000). Contributions totalling £16,000 (2007: £15,000) were payable to the fund at the year end and are included in creditors.

18 Called up share capital

	2008 £'000	2007 £'000
Authorised		
1,000,000 ordinary shares of £1 each	100	100
Allotted and fully paid		
20,000 ordinary shares of £1 each	20	20

19 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 October 2007	3,130	12,081
Retained profit for the year	-	6,501
At 30 September 2008	3,130	18,582

20 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Profit for the financial year	6,501	2,026
Opening shareholders' funds	15,231	13,205
Closing shareholders' funds	21,732	15,231

Wesco Aircraft Europe Limited

21 Financial commitments

At 30 September 2008 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings	Other	Land and buildings	Other
	2008	2008	2007	2007
	£'000	£'000	£'000	£'000
Within one year	-	21	-	20
Within two to five years	-	30	-	17
After five years	151	-	144	-
	151	51	144	37

22 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 under common control together with Wesco Aircraft Europe Limited (WAE). During the year WAHC purchased £1,735,778 (2007: £1,111,747) of aircraft parts from, and sold £25,455,676 (2007: £21,084,773) of aircraft parts to WAE on an arm's length basis. At the balance sheet date £8,992,051 (2007: £4,640,470) was owed to WAHC.

Other companies under common control

WAE also incurs sales commission costs from other companies in Europe under common control. These amounted to £2,903,395 for the year (2007: £2,455,697). At the balance sheet date, £311,676 was owed to these companies (2007: £182,348).

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 £90,000 (2007: £84,000). No balances are outstanding at the balance sheet date (2007: £nil).

23 Ultimate parent undertaking and ultimate controlling party

The immediate parent company is Flintbrook Limited, a company incorporated in the UK which prepares consolidated financial statements. Copies of Flintbrook Limited financial statements can be obtained from the company secretary at Park Mill Way, Clayton West, Huddersfield, HD8 9XJ.

The ultimate controlling party is Wesco Holdings Inc, incorporated in the USA.