

Company registration number 01857310

Wesco Aircraft Europe Limited
Directors' Report and financial statements
for the year ended 30 September 2012

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Wesco Aircraft Europe Limited

Company information

Directors

R Snyder
G Hess (resigned 1 June 2012)
A Murray (resigned 1 June 2012)
J Dobrucki
G Hann (appointed 1 June 2012)
G Capell (appointed 1 June 2012)

Company secretary

G Hess (resigned 1 June 2012)
J Holland (appointed 1 June 2012)

Company number

01857310

Registered office

Park Mill Way
Clayton West
Huddersfield
West Yorkshire
HD8 9XJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Benson House
33 Wellington Street
Leeds
LS1 4JP

Bankers

Lloyds Bank plc
6/7 Park Row Leeds
LS1 1NX

Wesco Aircraft Europe Limited

Directors' Report and financial statements

for the year ended 30 September 2012

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Wesco Aircraft Europe Limited

Directors' report for the year ended 30 September 2012

The directors present their directors' report and the audited financial statements of the company for the year ended 30 September 2012

Principal activities and review of business

The business of Wesco Aircraft Europe Limited continued to be primarily the supply of fasteners to the aircraft industry. The directors consider the results for the year satisfactory 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. Build rates continued to grow during 2011/12 in line with longer term expectations following the economic slowdown of the previous year. Contracted orders from airlines and military/defence agencies grew as did non-contracted demand.
- 2 Manufacturing capacity of the company's vendor base is also affected by the same developments that affect the company's customers. In 2010/11 demand levels became more aligned with supply, however 2011/12 started to see demand exceed supply.

The company employs strategies to limit these risks. This includes monitoring the company's investment in products and pricing accordingly, regular assessments of customers' current and planned requirements and continuous involvement in vendors' production scheduling and backlog management.

On 3 July 2012 the company purchased the business of a Canadian Aerospace fastener supplier, Interfast Inc., in a deal costing £84.1 million. This added the trade and assets of the Canadian entity which contributed turnover of £11.4 million in the last three months of the year at a gross profit of 34% increasing operating profit by £2.0 million.

The main performance indicators (excluding the impact of Interfast Inc.) used to measure business performance reflected this general economic uncertainty. Sales grew to £96.2 million 2011/12 from reflecting growth of 37% versus 2010/11 and gross profit stayed static at 29%. Growth in turnover reflected positive non-contracted sales performance and maturation of contracts. Wesco invested in over the last few years. Costs grew by 8%. The relatively low growth in costs reflected the benefit the company derived from investment in its infrastructure in previous years.

The company operates four branches in France, Italy, Germany and India.

Employees

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 the company as a whole. Communication with all employees continues through the intranet, team briefings and the business update. A comprehensive employee survey was conducted in November 2012.

Financial instruments

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. Cash forecasts are established in order to analyse more quickly these financial risks. At the start of the year the

Wesco Aircraft Europe Limited

Directors' report for the year ended 30 September 2012 (continued)

Financial instruments (continued)

business agreed to rollover funding from a fellow subsidiary, Wesco 2 LLP, in the form of a loan note of £7.6m into 2011/12. In addition, funding of £47.2 million was provided by another fellow subsidiary, Wesco Aircraft Hardware Corp., to fund the purchase of Interfast Inc.

Liquidity risk

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

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The company has implemented policies that require appropriate credit checks on customers before sales are made and the amount of exposure to any individual customer is subject to a limit, which is assessed regularly by management. However, to date, the nature of the principal customers 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.

Interest rate 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.

Foreign currency risk

The company is exposed to movements in foreign exchange rates as a result of making sales and purchases in foreign currencies. The risk is mitigated as most purchases and sales are denominated in US dollars and therefore a natural hedge exists. The company has also mitigated risk by maintaining foreign currency bank accounts and hedged against foreign exchange movements beyond pre-determined foreign exchange rates.

Commodity price risk

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.

Results and dividends

The results for the year are set out on page 8. The directors do not recommend payment of an ordinary dividend (2011: £nil). It is proposed that the retained profit of £7.5 million (2011: £4.6 million) be taken reserves.

Future developments

The company remains financially strong and has the infrastructure to continue its growth with the medium to long term outlook for the aircraft industry remaining exceptionally 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. Additionally, the business is seeking to expand its presence into the MRO (Maintenance, Repair, and Overhaul) sector and in supplying MF&P (Machined and Fabricated Parts).

Wesco Aircraft Europe Limited

Directors' report for the year ended 30 September 2012 (continued)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are as set out on the "Company Information" page

Charitable donations

During the year the company made £8,010 (2011 £3,055) in charitable donations. Of this, £3,052 was in support of the K2B charity, £2,218 to the Yorkshire Air Ambulance and the remaining £2,740 was made up of various small donations

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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 and applicable law). Under company law the 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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. 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

Statement of disclosure to auditors

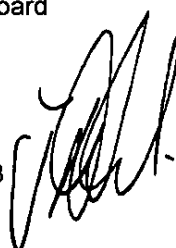
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

Independent auditors

PricewaterhouseCoopers LLP are the auditors to the company and in accordance with section 487(2) of the Companies Act 2006, they are deemed to be re-appointed for each succeeding financial year

On behalf of the board

J A Dobrucki
Director
6 September 2013



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 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Wesco Aircraft Europe Limited

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Randal Casson (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

6 September 2013

Wesco Aircraft Europe Limited

Profit and loss account for the year ended 30 September 2012

	Note	2012 £'000	2012 £'000	2011 £'000
Turnover - Continuing		96,208		70,022
- Acquired		11,381		-
Total Turnover	2		107,589	70,022
Cost of sales			(76,199)	(49,990)
Gross profit			31,390	20,032
Administrative expenses			(19,707)	(13,692)
Operating profit - Continuing		9,617		6,340
- Acquired		2,066		-
Total Operating profit	3		11,683	6,340
Interest payable and similar charges	8		(1,198)	(462)
Profit on ordinary activities before taxation			10,485	5,878
Tax on profit on ordinary activities	9		(2,948)	(1,292)
Profit for the financial year	20		7,537	4,586

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

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

Statement of Total Recognised Gains and Losses for the year ended 30 September 2012

	2012 £'000	2011 £'000
Profit for the financial year	7,537	4,586
Impact of foreign exchange	(205)	-
Total recognised gains and losses for the financial year	7,332	4,586

Wesco Aircraft Europe Limited

Balance sheet as at 30 September 2012

	Note	2012 £'000	2011 £'000
Assets			
Tangible fixed assets	10	1,372	885
Intangible assets	11	49,677	-
Investment in subsidiaries	12	887	-
		51,936	885
Current assets			
Stocks	13	76,197	40,375
Debtors	14	31,067	16,380
Cash at bank and in hand		8,849	4,826
		116,113	61,581
Creditors: amounts falling due within one year	15	(119,935)	(24,878)
Net current (liabilities)/assets		(3,822)	36,703
Total assets less current liabilities		48,114	37,588
Capital and reserves			
Called up share capital	18	20	20
Share premium account	19	3,130	3,130
Profit and loss account	19	44,964	34,438
Total shareholders' funds	20	48,114	37,588

The financial statements on pages 8 to 27 were approved by the board of directors on 6 September 2013 and were signed on its behalf by

Jan Dobrucki
Director



Company registration number 01857310

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012

1 Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below. In accordance to section 401 of the Companies Act 2006 no consolidated financial statements are presented.

Cash flow statement

The cash flows of the company are consolidated into Wesco Aircraft Holdings Inc, its ultimate parent undertaking, a company that prepares publicly available consolidated accounts. Consequently, in accordance with FRS 1 (revised 1996), no cash flow statement has been included within these financial statements.

Turnover

Turnover represents amounts receivable for goods and services net of value added tax and trade discounts. Wesco recognises revenue when it has transferred all rights and obligations to customers with no outstanding liabilities remaining. This is done by reference to contracted Incoterms that are quoted on shipping documentation and recorded in Wesco's systems.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. 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 over the shorter of the lease term and their useful lives. 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.

Stock

Stock is valued at the lower of average weighted cost and net realisable value. Wesco values stock using moving average weighted cost calculated by dividing the total cost of goods available for sale by the total number available for sale.

Provision against obsolescence is calculated by analysing how stock is consumed and extrapolating a curve to forecast usage of older inventory. From this expected sell through, Wesco has determined an appropriate annual percentage stock write down from the date goods were brought into the group.

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

1 Accounting policies (continued)

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Deferred taxation

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

- Provision is made for tax on gains arising from revaluation of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into the replacement assets and charged to tax only where the replacement assets are sold.
- 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 periods in which the timing differences are expected to reverse.

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 the profit and loss account.

Intangible assets

Purchased goodwill is measured as the excess of the aggregate of the consideration transferred and the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in the statement of total recognised gains and losses.

Impairment reviews are undertaken when there has been an indication of potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Purchased goodwill is amortised using the straight-line method over an estimated useful life of 20 years.

Investments

Fixed asset investments are stated at cost less provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

1 Accounting policies (continued)

Share based payments

The ultimate parent company operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

2 Turnover

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

	2012 £'000	2011 £'000
United Kingdom	36,532	26,840
Europe	57,036	39,053
North America	10,706	2,681
Rest of the World	3,315	1,448
	107,589	70,022

3 Operating profit

	2012 £'000	2011 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets	323	283
Loss on foreign exchange transaction	202	233
Operating lease rentals		
- plant and machinery	146	98
- other assets	217	161
Fees payable to the company's auditors for the audit of the company's financial statements	63	31
Profit on disposal of fixed assets	(14)	(9)

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

3 Operating profit (continued)

	2012			2011
	Continuing £'000	Acquired £'000	Total £'000	Total Continuing £'000
Turnover	96,208	11,381	107,589	70,022
Cost of sales	(68,677)	(7,522)	(76,199)	(49,990)
Gross profit	27,531	3,859	31,390	20,032
Administrative expenses	(17,914)	(1,793)	(19,707)	(13,692)
Operating profit	9,617	2,066	11,683	6,340

4 Employee information

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

By activity	2012	2011
	Number	Number
Administration	82	77
Sales	61	51
Warehouse	42	37
	185	165

5 Employee costs

	2012	2011
	£'000	£'000
Wages and salaries	5,206	4,716
Social security costs	964	538
Other pensions costs	423	280
Cost of employee share scheme (note 7)	3,194	91
	9,787	5,625

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

6 Directors' emoluments

	2012	2011
	£'000	£'000
Aggregate emoluments for qualifying services	288	305
Company pension contributions to money purchase schemes	27	16
	315	321

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to three (2011 two) The number of directors who exercised shares options amounted to two (2011 two)

Highest paid director	2012	2011
	£'000	£'000
Emoluments for qualifying services	163	209
Company pension contributions to money purchase schemes	6	9
	169	218

7 Share-based payments

Share Options

Share Options have been granted in Wesco Aircraft Holdings Inc, the ultimate parent company of Wesco Aircraft Europe Limited, since 2006 The parent company's remuneration committee can grant options over shares in the parent company to employees of the group Prior to the listing of the parent company on the New York Stock exchange, options were granted with an exercise price equal to the estimated market price of the shares under option at the date of grant After floatation shares were granted in line with market price The contractual life of an option is 10 years

Awards under the share option plan are generally reserved for employees at senior management level and above, 12 employees are currently eligible to participate in this group

The company has had ad-hoc grants of options on each year since January 2009 Options granted vest annually over a period of between 3 and 5 years Exercise of an option is subject to continued employment

Options were valued using the Black-Scholes option-pricing model No performance conditions were included in the fair value calculations The fair value per option granted and the assumptions used in the calculation are as follows

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

7 Share-based payments (continued)

	Options Granted			
	17 May 2007	31 August 2008	30 June 2008	2 August 2011
Share price at grant date	n/a	n/a	n/a	\$15 00
Exercise price (USD)	\$4 12	\$5 16	\$5 16	\$15 00
Number of employees	5	1	1	12
Shares under option	629,514	29,511	22,500	53,100
Vesting period (years)	4 4	4 8	4 8	3 2
Expected volatility	48 3%	51 5%	50 8%	46%
Option life (years)	10	10	10	10
Expected life (years)	6 2	6 5	6 5	6 0
Risk-free interest rate	4 58%	2 76%	3 51%	2 23%
Expected dividends as a dividend yield	-	-	-	-
Fair value per option (USD)	\$2 19	\$2 49	\$2 50	\$6 91

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on U S Treasury securities of a term consistent with the assumed option life.

A reconciliation of option movements over the past two years is shown below.

	2012		2011	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 October	689,519	\$5.03	681,525	\$4 20
Granted	-	\$0.00	53,100	\$15 00
Failed to vest	(8,850)	\$15.00	-	-
Exercised	(350,642)	\$4.18	(45,106)	\$4 25
Outstanding at 30 September	330,027	\$5 67	689,519	\$5 03
Exercisable at 30 September	294,627	\$4.55	671,123	\$4 18

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

7 Share-based payments (continued)

The weighted average fair value of options granted in the year was £Nil (2011 £235,000)

Range Of Exercise Prices	Weighted Ave Exercise Price	2012			2011		
		No Shares	Weighted Ave Remaining Life:		No Shares	Weighted Ave Remaining Life	
			Expected	Contractual		Expected	Contractual
\$0.00-\$5.00	\$4.12	256,743	-	1.4	629,514	-	2.4
\$5.01-\$10.00	\$5.16	29,034	-	2.5	52,011	-	3.5
\$10.01-\$15.00	\$15.00	44,250	0.8	4.8	53,100	1.8	5.8

The weighted average share price during the year for options exercised over the year was \$14.59 (2011 \$15.00). The total charge for the year relating to employee share-based payment plans was £2,317,000 (2011 £75,000), all of which related to equity-settled share-based payment transactions. After deferred tax, the total charge was £1,738,000 (2011 £56,000).

Restricted stock units

The fair value of restricted stock units is the market price at grant date and is amortised over the respective vesting periods. The Stock Options charge to the profit and loss account for the year is £877,000 (2011 £16,000). After deferred tax, the total charge was £658,000 (2011 £12,000).

The following table summarises restricted stock award activity during the year

	2012		2011	
	Restricted Stock Awards	Weighted Average Fair Value	Restricted Stock Awards	Weighted Average Fair Value
Outstanding at 1 October	17,849	\$267,735	-	-
Granted	-	-	19,575	\$293,625
Forfeited	(3,263)	\$48,938	-	-
Exercised	(7,448)	\$111,716	(1,726)	\$25,890
Exercisable at 30 September	7,138	\$107,081	17,849	\$267,735

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

8 Interest payable and similar charges

	2012 £'000	2011 £'000
On bank loans and overdrafts	48	30
Other interest	1,150	432
	1,198	462

9 Tax on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax		
UK corporation tax on profits of the year	2,774	1,565
Adjustments in respect of previous years	-	2
Total current tax	2,774	1,567
Deferred tax		
Origination and reversal of timing differences	174	(298)
Adjustments in respect of previous years	-	23
Total deferred tax (note 16)	174	(275)
Tax on profit on ordinary activities	2,948	1,292

The tax assessed for the year is higher (2011 lower) than the standard effective rate of corporation tax in the UK of 25% (2011 27%). The differences are explained below

Factors affecting tax charge for the year

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	10,485	5,878
Profit on ordinary activities multiplied by standard rate in the UK 25% (2011 27 %)	2,621	1,587
Effects of		
Expenses not deductible for tax purposes	44	44
Capital allowances lower than/(in excess of) depreciation	14	(20)
Other short term timing differences	95	(46)
Adjustments in respect of previous years	-	2
Current tax charge	2,774	1,567

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

9 Tax on profit on ordinary activities (continued)

Factors affecting current and future tax charges

The UK corporation tax rate reduced to 24% from 1 April 2012. A subsequent reduction in the UK corporation tax rate to 23% was substantively enacted on 3 July 2012 and will apply from 1 April 2013. The substantively enacted rate of 23% has been used in the calculation of the UK's deferred tax assets and liabilities.

On 2 July 2013, legislation was substantively enacted to reduce the main rate of corporation tax to 21% for the financial year commencing 1 April 2014 and 20% for the financial year commencing 1 April 2015. It is expected that the impact of these changes will not be material to the company.

10 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2011	1,177	1,325	461	48	3,011
Additions	213	110	197	318	838
Disposals	-	(174)	(84)	(16)	(274)
Transfers between categories	-	(28)	28	-	-
Impact of foreign exchange	-	-	-	(2)	(2)
At 30 September 2012	1,390	1,233	602	348	3,573
Accumulated depreciation					
At 1 October 2011	549	1,179	350	48	2,126
Charge for the year	143	68	82	30	323
Disposals	-	(147)	(83)	(16)	(246)
Impact of foreign exchange	-	-	-	(2)	(2)
At 30 September 2012	692	1,100	349	60	2,201
Net book value					
At 30 September 2012	698	133	253	288	1,372
At 30 September 2011	628	146	111	-	885

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

11 Intangible Assets

	Goodwill
	£'000
Cost	
At 1 October 2011	-
Additions (note 12)	50,404
Impact of foreign exchange	(107)
At 30 September 2012	50,297
Accumulated amortisation	
At 1 October 2011	-
Charge for the year	(620)
At 30 September 2012	(620)
Net book value	
At 30 September 2012	49,677
At 30 September 2011	-

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Notes to the financial statements for the year ended 30 September 2012 (continued)

12 Fixed asset investments

Shares in group undertakings	2012 £'000	2011 £'000
Cost and net book value	887	-

The directors believe that the carrying value of the investments are supported by their underlying net assets

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			
Interfast Europe Limited	England and Wales	Ordinary	100
Interfast USA Inc	Delaware, USA	Ordinary	100

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Notes to the financial statements for the year ended 30 September 2012 (continued)

12 Fixed asset investment (continued)

Acquisition

On 3 July 2012, the company acquired substantially all of the assets of Interfast, Inc, a Toronto based value-added distributor of specialty fasteners, fastening systems and production installation tooling for the aerospace, electronics and general industrial markets. The cost of the Interfast acquisition was £84.1 million, funded from the company's own cash reserves, borrowings from Wesco Aircraft Hardware Inc. of £47.2 million and an interest-free advance from Flintbrook Limited for £34.5 million.

	Book Value Assets Purchased	Acquisitions	Provisional Fair Value
	£'000	£'000	£'000
Tangible Fixed Assets	511	-	511
Investment In Subs	353	534	887
Current Assets			
Trade Receivables	7,283	84	7,367
Inventory	36,793	(9,252)	27,541
Prepaid Expenses	144	-	144
Intercompany Receivables	2,672	(1,188)	1,484
Total Current Assets	46,892	(10,356)	36,536
Current Liabilities			
Accounts Payable	3,784	31	3,815
Accrued Liabilities	385	-	385
Total Current Liabilities	4,169	31	4,200
Net working Capital (non-cash)	42,723	(10,387)	32,336
Net Assets	43,587	(9,853)	33,734
Goodwill			50,404
Purchase Price			84,138
Satisfied by:			
Cash			84,138

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Notes to the financial statements for the year ended 30 September 2012 (continued)

12 Fixed asset investment (continued)

The book values of the assets and liabilities have been taken from the management accounts of Interfast Inc on the 3 July 2012 (date of acquisition) at the actual exchange rates on that day. The fair value adjustments contain some provisional amounts which will be finalised in the 2013 financial statements when the detailed acquisition investigation has been completed.

Revaluations of intercompany and stocks reflect the write down to estimated realisable value.

In its last financial year to the 30 September 2011, Interfast Inc made a profit after tax and minority interests of £2.3 million. For the period since that date to the date of acquisition Interfast Inc management accounts show the following, after providing £6.9 million for management bonuses and stock appreciation,

	£'000
Turnover	34,758
Operating Loss	(461)
Loss Before Tax	(796)
Taxation and minority interest	187
Loss attributable to shareholders	(609)
Exchange adjustments	158
Total recognised loss for the period	(767)

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

13 Stocks

	2012	2011
	£'000	£'000
Finished goods and goods for resale	76,197	40,375

The replacement cost of stocks may vary from that included in the financial statements on a weighted average cost basis. However, owing to the nature of the items in question, the directors do not consider that it would be possible to disclose a materially reliable replacement cost valuation for the Company's entire stockholding.

14 Debtors

	2012	2011
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	25,743	13,987
Amounts owed by parent and fellow subsidiary undertakings	2,469	330
Deferred tax asset (note 16)	222	396
Overseas value added tax recoverable	2,119	1,305
Prepayments and accrued income	514	362
	31,067	16,380

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

15 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	11,871	7,285
Amounts owed to parent and fellow subsidiary undertakings	49,134	7,215
Loan note to fellow subsidiary undertakings	54,750	7,578
Other taxation and social security costs	2,264	1,092
Accruals and deferred income	1,916	1,708
	119,935	24,878

Amounts due to parent and fellow subsidiary undertakings are unsecured and repayable on demand

On 1 July 2012, Flintbrook Limited, the intermediate parent company, provided the Company with an interest free advance of £34,481,000. This was to support the Company in the acquisition of Interfast, Inc. On 1 November 2012, the board passed a resolution that authorised the directors to issue a further £1 ordinary share with a premium of £34,481,000 to Flintbrook Limited. This occurred after the balance sheet date and has not been reflected in these financial statements.

Included within loan notes to fellow subsidiary undertakings is a £7,600,000 (2011 £7,600,000) loan note with Wesco 2 LLP. This was charged at a fixed interest rate of 5.69% resulting in an interest charge of £431,000 (2011 £432,000). On 3 July 2012, a loan of £47,173,000 from Wesco Aircraft Hardware Corp. was added to fund the Interfast, Inc. acquisition. Interest on this loan was paid at a fixed interest rate of 6.25% resulting in an interest charge of £719,000.

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

16 Deferred tax

	2012 £'000	2011 £'000
Deferred tax comprises		
Decelerated capital allowances	(75)	(89)
Short Term Timing Differences	(147)	(307)
	(222)	(396)
Balance at 1 October	(396)	(121)
Profit and loss account (note 9)	174	(275)
Deferred tax asset at 30 September	(222)	(396)

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

17 Pension commitments

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, of which £1,000 (2011 £32,000) was accrued and included within creditors.

	2012	2011
	£'000	£'000
Contributions payable by the company for the year	423	280

18 Called up share capital

	2012	2011
	£'000	£'000
Allotted and fully paid		
20,000 (2011: 20,000) ordinary shares of £1 each	20	20

19 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 October 2011	3,130	34,438
Adjustment in respect of employee share schemes	-	3,194
Currency translation differences	-	(205)
Profit for the financial year	-	7,537
At 30 September 2012	3,130	44,964

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

20 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	7,537	4,586
Currency translation differences	(205)	-
Adjustment in respect of employee share schemes	3,194	91
Opening shareholders' funds	37,588	32,911
Closing shareholders' funds	48,114	37,588

21 Financial commitments

At 30 September 2012 the company was committed to making the following annual payments under non-cancellable operating leases

	Land and buildings 2012 £'000	Other 2012 £'000	Land and buildings 2011 £'000	Other 2011 £'000
Operating leases which expire				
Within one year	-	34	-	11
Between two to five years	61	85	59	85
In over five years	129	-	102	-
	190	119	161	96

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2012 (continued)

22 Related party transactions

The company has taken advantage of the exemption under paragraph 3 of FRS 8 from disclosure of transactions with group undertakings

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

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. Rent payable to the Trust for the year amounted to £112,000 (2011 £102,000). At the balance sheet date £11,000 was outstanding (2011 £5,000).

23 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is Flintbrook Limited. The ultimate parent undertaking and controlling party is Wesco Aircraft Holdings, Inc., a company incorporated in the United States of America.

Wesco Aircraft Holdings Inc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2012. The consolidated financial statements of Wesco Aircraft Holdings, Inc are available from Wesco Aircraft Hardware, Global Headquarters, 27727 Avenue Scott, Valencia, CA 91355, USA.