Company registration number: 01857310

Wesco Aircraft Europe Limited
Annual report and financial statements
for the year ended 30 September 2013



Wesco Aircraft Europe Limited

Company information

Directors	R Snyder J Dobrucki G Hann G Capell
Company secretary	J Holland
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

Annual report and financial statements

for the year ended 30 September 2013

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Wesco Aircraft Europe Limited

Strategic report for the year ended 30 September 2013

The directors present their strategic report on the company for the year ended 30 September 2013.

Review of the 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 threefold:

1. General developments in 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 2012/13 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. The consensus view is that the aerospace sector is likely to experience continued growth. In the USA and Europe older aircraft will be replaced by more economical newer models, whereas markets such as China and India will drive global civil aerospace growth over the next 10 years as consumer demand increases.

2. As the maintenance, repair and overhaul ("MRO") market for new aircraft is expected to grow for the next decade, the business needs to formalise its approach to that opportunity.

3. Manufacturing capacity of the company's vendor base is affected by the same developments that affect the company's customers. In 2011/12 demand levels exceeded supply and this continued into 2012/13.

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. In 2012/13 this added turnover of £24.9 million at a gross profit of 39%; increasing operating profit by £3.8 million.

The key performance indicators measured by the company show that overall sales grew by £54.8 million to £162.4 million in 2012/13 reflecting growth of 51% versus 2011/12 and gross profit increased to 30% (2012: 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 15%. The relatively low growth in costs reflected the benefit the company derived from investment in its infrastructure in previous years. The profit for the full year was £20.0 million with total net assets at 30 September 2013 of £100.6 million.

Approved by the board and signed on their behalf by:

J Dobrucki
Director
26 August 2014

Wesco Aircraft Europe Limited

Directors' report for the year ended 30 September 2013

The directors present their directors' report and the audited financial statements of the company for the year ended 30 September 2013.

Branches outside the UK
The company operates four branches in France, Italy, Germany and India.

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, Wesco made a strategic decision to more strongly into the commercial MRO space by developing and deploying a new e–Commerce web based platform and building a sales organisation structured for growth.

Commercial aerospace is a long–term growth industry with Global GDP growth driving strong growth. There is a record backlog of over 10,600 aircraft representing over 8 years of production at current build rates with additional rate increases expected on Boeing 787/737 and Airbus A320 with new programme starts (A350, C-Series, 777X) on the horizon. In Europe, the military side of the industry remains strong with a slow-down in programmes such as the Eurofighter, replaced by the need for more trainer aircraft and new programme builds on F 35.

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 2013.

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 business agreed to rollover funding from a fellow subsidiary, Wesco 2 LLP, in the form of a loan note of £7.6 million into 2012/13.

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 £1 ordinary share at a premium of £34,481,000 to Flintbrook Limited in exchange for the interest free advance. The additional funding of £47.2 million provided by Wesco Aircraft Hardware Corp in 2011/12, to fund the purchase of Interfast Inc. remained in place.

Liquidity risk
The company manages liquidity risk by ensuring sufficient funds are available for at least the next 12 months.

Directors' report for the year ended 30 September 2013 (continued)

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 7. The directors do not recommend payment of an ordinary dividend (2012: £nil). It is proposed that the retained profit of £20.0 million (2012: £7.5 million) be taken to reserves.

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.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Political donations

The company made no political donations.

Directors' report for the year ended 30 September 2013 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

Approved by the board and signed on their behalf by:

J Dobrucki
Director
26 August 2014

Wesco Aircraft Europe Limited

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Wesco Aircraft Europe Limited, comprise:

- the balance sheet as at 30 September 2013;
- the profit and loss account for the year then ended;
- the statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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 ISAs (UK & 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.

Randal Casson

Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
26 August 2014

Wesco Aircraft Europe Limited

Profit and loss account for the year ended 30 September 2013

	Note	2013	2012
		£'000	£'000
Turnover	2	**162,390**	107,589
Cost of sales		**(114,053)**	(76,199)
Gross profit		**48,337**	31,390
Administrative expenses		**(22,588)**	(19,707)
Operating profit	3	**25,749**	11,683
Net interest receivable/(payable)	8	**114**	(1,198)
Profit on ordinary activities before taxation		**25,863**	10,485
Tax on profit on ordinary activities	9	**(5,845)**	(2,948)
Profit for the financial year	19	**20,018**	7,537

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 2013

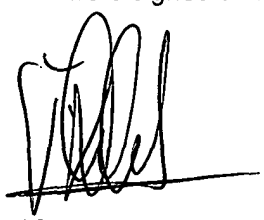
	2013	2012
	£'000	£'000
Profit for the financial year	**20,018**	7,537
Impact of foreign exchange	**(2,431)**	(205)
Total recognised gains and losses for the financial year	**17,587**	7,332

Wesco Aircraft Europe Limited

Balance sheet as at 30 September 2013

	Note	2013	2012
		£'000	£'000
Assets			
Intangible assets	11	**45,080**	49,677
Tangible fixed assets	10	**1,366**	1,372
Investments	12	**887**	887
		47,333	51,936
Current assets			
Stocks	13	**82,164**	76,197
Debtors	14	**39,427**	31,067
Cash at bank and in hand		**16,997**	8,849
		138,588	116,113
Creditors: amounts falling due within one year	15	**(85,298)**	(119,935)
Net current assets/(liabilities)		**53,290**	(3,822)
Total assets less current liabilities		**100,623**	48,114
Capital and reserves			
Called up share capital	18	**20**	20
Share premium account	19	**37,611**	3,130
Profit and loss account	19	**62,992**	44,964
Total shareholders' funds	20	**100,623**	48,114

The financial statements on pages 7 to 23 were approved by the board of directors on 26 August 2014 and were signed on its behalf by:



J Dobrucki
Director

Company registration number: 01857310

Wesco Aircraft Europe Limited

Notes to the financial statements for the year ended 30 September 2013

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 with 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 financial statements. 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
Computer hardware	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.

Notes to the financial statements for the year ended 30 September 2013 (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 over 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 and loss over the period in which the assets acquired are expected to be realised. 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.

Notes to the financial statements for the year ended 30 September 2013 (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:

	2013	2012
	£'000	£'000
United Kingdom	**37,407**	36,532
Europe	**80,594**	57,036
North America	**38,064**	10,706
Rest of the world	**6,325**	3,315
	162,390	107,589

3 Operating profit

	2013	2012
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	**483**	323
Amortisation of intangible assets	**2,511**	620
(Gain)/loss on foreign exchange transactions	**(1,186)**	202
Operating lease rentals		
- plant and machinery	**146**	146
- other assets	**224**	217
Fees payable to the company's auditors for the audit of the company's financial statements	**46**	63
Profit on disposal of fixed assets	**-**	(14)

Notes to the financial statements for the year ended 30 September 2013 (continued)

4 Employee information

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

By activity	2013 Number	2012 Number
Administration	**86**	82
Sales	**65**	61
Warehouse	**45**	42
	196	185

5 Employee costs

	2013 £'000	2012 £'000
Wages and salaries	**6,127**	5,206
Social security costs	**572**	964
Other pension costs	**470**	423
Cost of employee share scheme (note 7)	**441**	3,194
	7,610	9,787

Notes to the financial statements for the year ended 30 September 2013 (continued)

6 Directors' emoluments

	2013	2012
	£'000	£'000
Aggregate emoluments for qualifying services	**298**	288
Company pension contributions to money purchase schemes	**36**	27
	334	315

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to two (2012: three). The number of directors who exercised share options amounted to nil (2012: two).

Highest paid director	**2013**	2012
	£'000	£'000
Emoluments for qualifying services	**175**	163
Company pension contributions to money purchase schemes	**21**	6
	196	169

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 flotation 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; 10 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:

7 Share-based payments (continued)

	Options Granted:				
	17 May 2007	31 August 2008	30 June 2008	2 August 2011	24 October 2012
Share price at grant date	n/a	n/a	n/a	$15.00	$15.00
Exercise price (USD)	$4.12	$5.16	$5.16	$15.00	$13.49
Number of employees	5	1	1	12	10
Shares under option	629,514	29,511	22,500	53,100	39,750
Vesting period (years)	4.4	4.8	4.8	3.2	2.9
Expected volatility	48.3%	51.5%	50.8%	46%	46.5%
Option life (years)	10	10	10	10	10
Expected life (years)	6.2	6.5	6.5	6.0	6.0
Risk-free interest rate	4.58%	2.76%	3.51%	2.23%	1.04%
Fair value per option (USD)	$2.19	$2.49	$2.50	$6.91	$6.08

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:

	2013		2012	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 October	**330,027**	**$5.67**	689,519	$5.03
Granted	**39,750**	**$13.49**	-	-
Failed to vest	**-**	**-**	(8,850)	$15.00
Exercised	**(117,860)**	**$4.19**	(350,642)	$4.18
Outstanding at 30 September	**251,917**	**$7.60**	330,027	$5.67
Exercisable at 30 September	**207,717**	**$6.22**	294,627	$4.55

Notes to the financial statements for the year ended 30 September 2013 (continued)

7 Share-based payments (continued)

The weighted average fair value of options granted in the year was $6.08 (2012: $nil).

	2013				2012			
Range Of Exercise Prices	**Weighted Ave Exercise Price**	**No Shares**	**Weighted Ave Remaining Life:**		Weighted Ave Exercise Price	No Shares	Weighted Ave Remaining Life	
			Expected	**Contrac-tual**			Expected	Contra ctual
$0.00-$5.00	$4.12	146,285	-	0.4	$4.12	256,743	-	1.4
$5.01-$10.00	$5.16	21,632	-	2.5	$5.16	29,034	-	2.5
$10.01-$15.00	$13.49	39,750	1.1	5.1	-	-	-	-
$10.01-$15.00	$15.00	44,250	1.0	3.8	$15.00	44,250	0.8	4.8

The weighted average share price during the year for options exercised over the year was $16.44 (2012: $14.59). The total charge for the year relating to employee share-based payment plans was £276,000 (2012: £2,317,000), all of which related to equity-settled share-based payment transactions. After deferred tax, the total charge was £215,000 (2012: £1,738,000).

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 restricted stock units charge to the profit and loss account for the year is £165,000 (2012: £877,000). After deferred tax, the total charge was £129,000 (2012: £658,000).

The following table summarises restricted stock units activity during the year:

	2013		2012	
	Restricted Stock Units	**Weighted Average Fair Value**	Restricted Stock Units	Weighted Average Fair Value
Outstanding at 1 October	**7,138**	**$15.00**	17,849	$15.00
Granted	**21,663**	**$13.49**	-	-
Forfeited	**-**		(3,263)	$15.00
Vested	**(18,084)**	**$13.91**	(7,448)	$15.00
Outstanding at 30 September	**10,717**	**$13.78**	7,138	$15.00

Notes to the financial statements for the year ended 30 September 2013 (continued)

8 Net interest (receivable)/payable

	2013 £'000	2012 £'000
On bank loans and overdrafts	**37**	48
Other interest	**(151)**	1,150
	(114)	1,198

9 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Current tax		
UK corporation tax on profits of the year	**5,975**	2,774
Adjustments in respect of previous years	**(131)**	-
Total current tax	**5,844**	2,774
Deferred tax		
Origination and reversal of timing differences	**1**	174
Tax on profit on ordinary activities	**5,845**	2,948

The tax assessed for the year is lower (2012: higher) than the standard effective rate of corporation tax in the UK of 23.5% (2012: 25%). The differences are explained below:

Factors affecting tax charge for the year

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	**25,863**	10,485
Profit on ordinary activities multiplied by standard rate in the UK 23.5% (2012: 25 %)	**6,079**	2,621
Effects of:		
Expenses not deductible for tax purposes	**116**	44
Capital allowances lower than depreciation	**33**	14
Other short term timing differences	**-**	95
Adjustments in respect of previous years	**(131)**	-
Share options	**(253)**	-
Current tax charge	**5,844**	2,774

10 Tax on profit on ordinary activities (continued)

Factors affecting current and future tax charges

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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The above rates have therefore been used in the calculation of the deferred tax assets for this financial year.

10 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Computer Hardware	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2012	1,390	1,233	602	348	3,573
Additions	12	311	118	47	488
Disposals	-	(74)	(52)	-	(126)
Impact of foreign exchange	(1)	(3)	(1)	(8)	(13)
At 30 September 2013	**1,401**	**1,467**	**667**	**387**	**3,921**
Accumulated depreciation					
At 1 October 2012	692	1,100	349	60	2,201
Charge for the year	188	87	118	90	483
Disposals	1	(86)	(38)	-	(123)
Impact of foreign exchange	(1)	(1)	-	(4)	(6)
At 30 September 2013	**880**	**1,100**	**429**	**146**	**2,555**
Net book value					
At 30 September 2013	**521**	**367**	**236**	**241**	**1,366**
At 30 September 2012	698	133	253	288	1,372

Notes to the financial statements for the year ended 30 September 2013 (continued)

11 Intangible assets

	Goodwill
	£'000
Cost	
At 1 October 2012	50,297
Impact of foreign exchange	(2,229)
At 30 September 2013	**48,068**
Accumulated amortisation	
At 1 October 2012	(620)
Charge for the year	(2,511)
Impact of foreign exchange	143
At 30 September 2013	**(2,988)**
Net book value	
At 30 September 2013	**45,080**
At 30 September 2012	49,677

12 Fixed asset investments

Shares in group undertakings	**2013**	2012
	£'000	£'000
Cost and net book value	**887**	887

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

The company holds share capital in 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

13 Stocks

	2013	2012
	£'000	£'000
Finished goods and goods for resale	**82,164**	76,197

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

	2013	2012
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	**31,417**	25,743
Amounts owed by parent and fellow subsidiary undertakings	**2,331**	2,469
Deferred tax asset (note 16)	**221**	222
Overseas value added tax recoverable	**5,001**	2,119
Prepayments and accrued income	**457**	514
	39,427	31,067

15 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	**12,666**	11,871
Amounts owed to parent and fellow subsidiary undertakings	**12,607**	49,134
Loan note to fellow subsidiary undertakings	**53,406**	54,750
Other taxation and social security costs	**4,816**	2,264
Accruals and deferred income	**1,803**	1,916
	85,298	119,935

15 Creditors: amounts falling due within one year (continued)

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 £1 ordinary share at a premium of £34,481,000 to Flintbrook Limited in exchange for the interest free advance.

Included within loan notes to fellow subsidiary undertakings is a £7,600,000 (2012: £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 (2012: £431,000). On 3 July 2012, a loan of £47,173,000 from Wesco Aircraft Hardware Corp. was added to fund the Interfast, Inc acquisition. From inception of the loan to 30 September 2012, interest accrued at the contractual rate of 6.25%, resulting in a charge of the year of £719,000. Following a rescission of the loan note, the interest rate was restated to 0.24% from inception, resulting in an interest credit of £609,000.

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

16 Deferred tax

Deferred tax comprises:	**2013**	2012
	£'000	£'000
Decelerated capital allowances	**(81)**	(75)
Short term timing differences	**(140)**	(147)
	(221)	(222)
Balance at 1 October	**(222)**	(396)
Profit and loss account (note 9)	**1**	174
Deferred tax asset at 30 September	**(221)**	(222)

Notes to the financial statements for the year ended 30 September 2013 (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 £844 (2012: £1,000) was accrued and included within creditors.

	2013	2012
	£'000	£'000
Contributions payable by the company for the year	**470**	423

18 Called up share capital

	2013	2012
	£'000	£'000
Allotted and fully paid		
20,001 (2012: 20,000) ordinary shares of £1 each	**20**	20

19 Reserves

	Share premium account	**Profit and loss account**
	£'000	**£'000**
At 1 October 2012	3,130	44,964
Premium on share issue	34,481	-
Adjustment in respect of employee share schemes	-	441
Currency translation differences	-	(2,431)
Profit for the financial year	-	20,018
At 30 September 2013	**37,611**	**62,992**

20 Reconciliation of movements in shareholders' funds

	2013	2012
	£'000	£'000
Profit for the financial year	**20,018**	7,537
Premium on share issue	**34,481**	-
Currency translation differences	**(2,431)**	(205)
Adjustment in respect of employee share schemes	**441**	3,194
Opening shareholders' funds	**48,114**	37,588
Closing shareholders' funds	**100,623**	48,114

21 Financial commitments

At 30 September 2013 the company was committed to making the following annual payments under non-cancellable operating leases:

	Land and buildings	**Other**	Land and buildings	Other
	2013	**2013**	2012	2012
	£'000	**£'000**	£'000	£'000
Operating leases which expire:				
Within one year	**-**	**5**	-	34
Between two to five years	**60**	**71**	61	85
In over five years	**209**	**-**	129	-
	269	**76**	190	119

Notes to the financial statements for the year ended 30 September 2013 (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 £113,085 (2012: £112,000). At the balance sheet date there was no balance outstanding (2012: £11,000).

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 2013. The consolidated financial statements of Wesco Aircraft Holdings, Inc are available from Wesco Aircraft Hardware, Global Headquarters, 27727 Avenue Scott, Valencia, CA 91355, USA.