

Registration number: 01857310

Wesco Aircraft Europe Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2017

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Wesco Aircraft Europe Limited

Contents

	Page(s)
Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditors' Report	7 to 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 23

Wesco Aircraft Europe Limited

Company Information

Directors	J A Dobrucki
	J Holland
	A Murray
	A Phennah
Registered office	Lawrence House Riverside Drive Cleckheaton West Yorkshire BD19 4DH
Independent auditors	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL

Wesco Aircraft Europe Limited

Strategic Report for the Year Ended 30 September 2017

The Directors present their strategic report and audited financial statements for the year ended 30 September 2017.

Principal activity

The principal activity of the Company is primarily the supply of fasteners to the aircraft industry.

Fair review of the business

During the year Wesco Aircraft Holdings Inc. undertook a group reorganisation with the purpose of combining the group's existing UK trading operations into a single legal entity. Wesco Aircraft EMEA Limited was incorporated on 19 April 2016 to act as that single entity, and on 1 April 2017, the trade and assets of the Company were therefore transferred to Wesco Aircraft EMEA Limited. The Company ceased to trade with effect from that date.

The results in this set of accounts are therefore for the six months to March 2017, with the comparative period being the twelve months to September 2016.

Principal risks and uncertainties

Principal risks and uncertainties affecting the company are threefold:

Commercial Aerospace Market

Major airlines orders of new aircraft remained strong, driven by strong profits and higher passenger numbers. Volatile fuel prices have also bolstered demand for fuel-efficient models and new engine options for existing aircraft designs. Emerging markets have added to growth in demand at a stronger rate than historically. More recently, several airlines have slowed the pace of orders with large commercial OEMs in response to rapidly changing macroeconomic conditions. Nevertheless, large commercial OEMs have indicated that they continue to expect a high level of deliveries, primarily due to their unprecedented level of backlogs. Business aviation has lagged the larger commercial market, reflecting a deeper downturn in the last recession, changes in corporate spending patterns and an uncertain economic outlook. Overall business aviation production levels remain well below their pre-recession peak, though newer models have seen a greater acceptance in the marketplace than older and previously owned aircraft.

Military Aerospace Market

Military build-rates have declined for the past few years (and they may continue to decline going forward), which has negatively affected this portion of our business. We believe the diversity of the military aircraft programs we support can help mitigate the impact of new program delays, changes or cancellations. Whilst Eurofighter is now entering a low rate of production, we believe the services we provide the Joint Strike Fighter program will benefit our future business as production for that program increases. Increased sales for other established aircraft programs that directly benefit from such changes also help moderate build-rate declines

Aftermarket

Aftermarket demand is affected by many of the same trends as those in OEM channels, as well as requirements to maintain aging aircraft and the cost of fuel, which can lead to greater utilization of existing planes. Demand in the military aftermarket is further driven by changes in overall fleet size and the level of U.S. military operational activity domestically and overseas.

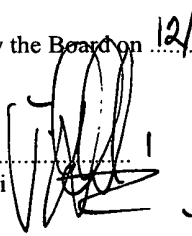
Supply chain service providers and distributors have been aided by these trends along with an increase in outsourcing activities, as OEMs and their suppliers focus on reducing their capital commitments and operating costs.

Wesco Aircraft Europe Limited

Strategic Report for the Year Ended 30 September 2017

Approved by the Board on 12/08/18 and signed on its behalf by:

.....
J A Dobrucki
Director

A handwritten signature in black ink, appearing to be 'J A Dobrucki', written over a dotted line.

Wesco Aircraft Europe Limited

Directors' Report for the Year Ended 30 September 2017 (continued)

The Directors present their report and the audited financial statements for the year ended 30 September 2017.

Directors of the Company

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

J A Dobrucki

J Holland - Company secretary and director

A Murray

A Phennah

Results and dividends

The Company's balance sheet is set out on page 10. The Directors consider that the financial position of the Company is satisfactory following the group reorganisation on 1 April 2017. The results for the Company show a profit for the financial year of £3,995,000 (2016 - £20,645,000). The Directors declared an ordinary dividend during the year of £Nil (2016 - £44,038,000) and do not recommend payment of a final dividend (2016 - £Nil).

Branches outside the United Kingdom

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 interest 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.

Financial instruments

Objectives and policies

The Company's operations expose it to a variety of financial risks that include the effects of changes in interest rate, 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.

Liquidity risk

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

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.

Wesco Aircraft Europe Limited

Directors' Report for the Year Ended 30 September 2017 (continued)

Interest rate risk

Interest risk rate 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 hedge against foreign exchange movements beyond pre-determined foreign exchange rates.

Employee involvement

The Company is an equal opportunity employer and fully committed to treating all its employees and job applicants fairly and equally, regardless of whether or not they have a disability. The Company abides by current legislation in its recruitment and employment practices and where required makes necessary reasonable adjustments.

The Company takes all reasonable steps through its resourcing, recruitment and employment practices and trains and promotes employees on the basis of their experience, abilities and qualifications without regard to disability. The Company also takes all reasonable steps to provide an accessible work environment where all employees are treated with respect and dignity and one that is free of harassment of any kind. The Company does not condone any form of harassment on the grounds of disability, whether engaged in by employees or by outside third parties who do business with the Company, such as contractors, suppliers, clients or customers.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has prepared a Strategic Report, which includes information that would have previously been included in the Directors' Report.

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 last financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 12/05/18 and signed on its behalf by:

J A Dobrucki
Director

Wesco Aircraft Europe Limited

Statement of Directors' Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Wesco Aircraft Europe Limited

Independent Auditor's Report to the Members of Wesco Aircraft Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Wesco Aircraft Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2017; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Wesco Aircraft Europe Limited

Independent Auditor's Report to the Members of Wesco Aircraft Europe Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Wesco Aircraft Europe Limited

Independent Auditor's Report to the Members of Wesco Aircraft Europe Limited

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



Randal Casson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Leeds

Date: 12 June 2018

Wesco Aircraft Europe Limited

Statement of Comprehensive Income for the Year Ended 30 September 2017

	Note	2017 £ 000	2016 £ 000
Turnover	3	61,977	116,245
Cost of sales		<u>(42,321)</u>	<u>(76,445)</u>
Gross profit		19,656	39,800
Administrative expenses		<u>(10,170)</u>	<u>(13,933)</u>
Operating profit	4	9,486	25,867
Other interest receivable and similar income	5	898	329
Interest payable and similar expenses	6	<u>(34)</u>	<u>(574)</u>
Profit on ordinary activities before tax		10,350	25,622
Tax on profit on ordinary activities	10	<u>(6,383)</u>	<u>(4,977)</u>
Total comprehensive income for the financial year		<u><u>3,967</u></u>	<u><u>20,645</u></u>

The above results were derived from continuing operations.

Wesco Aircraft Europe Limited
(Registration number: 01857310)
Balance Sheet as at 30 September 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Tangible assets	11	-	619
Current assets			
Stocks	13	-	52,105
Debtors	14	120,411	57,501
Cash and cash equivalents	15	-	12,524
		120,411	122,130
Creditors: Amounts falling due within one year	16	(4,588)	(13,221)
Net current assets		115,823	108,909
Total assets less current liabilities		115,823	109,528
Creditors: Amounts falling due after more than one year	16	(2,172)	-
Total assets less current liabilities		113,651	109,528
Capital and reserves			
Called up share capital	18	20	20
Share premium account		37,611	37,611
Profit and loss account		76,020	71,897
Total equity		113,651	109,528

The financial statements on pages 10 to 23 were approved and authorised by the Board on 12/05/18 and signed on its behalf by:

.....
J A Dobrucki
Director

Wesco Aircraft Europe Limited

Statement of Changes in Equity for the Year Ended 30 September 2017

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 October 2016	20	37,611	71,897	109,528
Total comprehensive income	-	-	3,967	3,967
Adjustment in respect of employee share schemes	-	-	156	156
At 30 September 2017	<u>20</u>	<u>37,611</u>	<u>76,020</u>	<u>113,651</u>

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 October 2015	20	37,611	95,590	133,221
Total comprehensive income	-	-	20,645	20,645
Dividends	-	-	(44,308)	(44,308)
Adjustment in respect of employee share schemes	-	-	(30)	(30)
At 30 September 2016	<u>20</u>	<u>37,611</u>	<u>71,897</u>	<u>109,528</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

1 General information

The Company is a private company limited by share capital incorporated in England and Wales. Company information details are shown on page 1.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis, using the historical cost convention and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

As a non-trading company the Directors do not consider there to be any significant judgements or estimates.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following available exemptions:

- the requirement to prepare a statement of cash flows;
- financial instruments disclosures, including categories of financial instruments;
- the disclosure of key management remuneration in total; and
- the disclosure of share-based payment arrangements.

Revenue recognition

Turnover represents amounts receivable for goods and services net of value added tax and trade discounts. The Company 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 the Company's systems.

Foreign currency transactions and balances

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.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current income tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on timing differences between taxable profits and profits reported in the financial statements. Deferred tax is recognised on all timing differences at the reporting date and is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
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

Investments

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stock is valued at the lower of average weighted cost and estimated selling price less costs to complete and sell. 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 Company.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

2 Accounting policies (continued)

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 profit and loss 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.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividend distribution to the company's shareholders is recognised in the financial statements in the reporting period in which the dividends are paid.

Defined contribution pension obligation

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

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. The Company recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement. Equity instruments are those that entitle the holder to a residual interest in the company's assets after deducting all of its liabilities.

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary and preference shares, which are measured at fair value provided that this can be reliably measured. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

3 Turnover

Turnover relates wholly to the Company's principal activity. The analysis of the Company's turnover for the year by market is as follows:

	2017 £ 000	2016 £ 000
UK	16,583	32,666
Europe	34,488	62,904
North America	6,153	11,241
Rest of the world	4,753	9,434
	<u>61,977</u>	<u>116,245</u>

4 Operating profit

Arrived at after charging/(crediting):

	2017 £ 000	2016 £ 000
Depreciation expense	112	231
Foreign exchange gains	(65)	(2,601)
Operating lease expense	162	401
Stock recognised as an expense	38,105	71,727
Impairment of stocks	396	(2,000)
Impairment of trade debtors	-	247
	<u>-</u>	<u>247</u>

5 Other interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest income on bank deposits	8	-
Other finance income	890	329
	<u>898</u>	<u>329</u>

6 Interest payable and similar charges

	2017 £ 000	2016 £ 000
Interest on bank overdrafts and borrowings	-	30
Interest expense on other finance liabilities	34	544
	<u>34</u>	<u>574</u>

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £ 000	2016 £ 000
Wages and salaries	4,012	6,589
Social security costs	405	766
Other pension costs	377	628
	<u>4,794</u>	<u>7,983</u>

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Administration	118	102
Sales	72	64
Warehouse	77	61
	<u>267</u>	<u>227</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Remuneration	129	366
Company pension contributions to money purchase schemes	81	85
	<u>210</u>	<u>451</u>

Two directors exercised share options during the year (2016: three).

9 Auditors' remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	25	40
Other assurance services	-	7
	<u>25</u>	<u>47</u>

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

10 Tax on profit on ordinary activities

Tax charged/(credited) in the income statement:

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	1,891	4,751
Adjustments in respect of previous periods	4,504	4
	<u>6,395</u>	<u>4,755</u>
Deferred taxation		
Origination and reversal of timing differences	(15)	181
Tax rate changes	1	-
Adjustments in respect of prior periods	2	41
Total deferred taxation	<u>(12)</u>	<u>222</u>
Tax expense in the income statement	<u><u>6,383</u></u>	<u><u>4,977</u></u>

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

10 Tax on profit on ordinary activities (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.5% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit on ordinary activities before tax	10,350	25,622
Corporation tax at standard rate	2,018	5,124
Expenses not deductible for tax purposes	94	107
Adjustments in respect of previous years	4,506	4
Effect of capital allowances and depreciation	-	173
Share options	-	(64)
Group relief	(236)	(408)
Tax rate changes	1	41
Total tax charge	6,383	4,977

Legislation was introduced in the Finance Act 2016 to reduce the rate of corporation tax to 17% with effect from 1 April 2020.

Deferred tax has been provided at 17% on liabilities expected to reverse after 1 April 2020.

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2016	
Fixed asset timing differences	129
Short term timing differences	101
	230

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

11 Tangible assets

	Leasehold improvements £ 000	Fixtures, fittings and equipment £ 000	Motor vehicles £ 000	Plant and machinery £ 000	Total £ 000
Cost					
At 1 October 2016	1,423	1,029	18	1,334	3,804
Additions	129	10	-	-	139
Disposals	(1,552)	(1,039)	(18)	(1,334)	(3,943)
At 30 September 2017	-	-	-	-	-
Accumulated depreciation					
At 1 October 2016	1,117	725	18	1,325	3,185
Charge for the year	36	72	-	4	112
Eliminated on disposal	(1,153)	(797)	(18)	(1,329)	(3,297)
At 30 September 2017	-	-	-	-	-
Carrying amount					
At 30 September 2017	-	-	-	-	-
At 30 September 2016	306	304	-	9	619

12 Fixed asset investments

The cost and carrying value of the investments in subsidiaries was £Nil (2016 - £1).

The investments have been written off during the year.

13 Stocks

	2017 £ 000	2016 £ 000
Finished goods and goods for resale	-	52,105

The cost of stocks recognised as an expense in the year amounted to £38,105,000 (2016 - £71,727,000).

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

14 Debtors

	2017 £ 000	2016 £ 000
Trade debtors	-	24,103
Amounts owed by group undertakings	120,411	31,811
Other debtors	-	452
Deferred tax assets	-	230
Prepayments and accrued income	-	905
	<u>120,411</u>	<u>57,501</u>

Details of non-current trade and other debtors

Amounts owed by group undertakings are classified as non current. Loan amounts owed by group undertakings are unsecured and the Directors have received confirmation that they are not repayable within 12 months of the balance sheet date.

15 Cash and cash equivalents

	2017 £ 000	2016 £ 000
Cash at bank	<u>-</u>	<u>12,524</u>

16 Creditors

	2017 £ 000	2016 £ 000
Due within one year		
Trade creditors	-	7,561
Amounts owed to group undertakings	-	1,203
Other taxation and social security	-	281
Outstanding defined contribution pension costs	-	4
Accruals and deferred income	-	804
Corporation tax liability	4,588	2,526
Loan note to fellow subsidiary undertakings	-	842
	<u>4,588</u>	<u>13,221</u>
Due after one year		
Amounts owed to group undertakings	<u>2,172</u>	<u>-</u>

Amounts owed to group undertakings are unsecured and interest-free.

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

17 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £377,000 (2016 - £628,000).

Contributions totalling £Nil (2016 - £4,000) were payable to the scheme at the end of the year and are included in creditors.

18 Called up share capital

Allotted, called up and fully paid shares

	2017		2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>

19 Reserves

Called up share capital represents the number of shares issued at nominal price.

Share premium represents the difference of price paid for issued shares less nominal price.

The profit and loss account represents accumulated comprehensive income for the year and prior years, after deduction of dividends paid.

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£ 000	£ 000
Not later than one year	-	459
Later than one year and not later than five years	-	1,689
Later than five years	<u>-</u>	<u>1,030</u>
	<u>-</u>	<u>3,178</u>

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

21 Dividends

	2017	2016
	£ 000	£ 000
Interim dividend of £10.50 (2016 - £2,215.40) per ordinary share	<u>-</u>	<u>44,308</u>

22 Related party transactions

The Company has taken the exemption set out in FRS 102 from disclosing transactions with other members of the group.

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

Snyder Family Living Trust

The Company operates from premises which are owned by the Trust in which R Snyder, the Chairman of the Board of Directors of Wesco Aircraft Holdings Inc., has an interest. Rent payable to the Trust for the year amounted to £76,083 (2016 - £120,762). At the balance sheet date there was no balance outstanding (2016 - £Nil).

23 Parent and ultimate parent undertaking

The Company's immediate parent is Flintbrook Limited, incorporated in England and Wales.

The ultimate controlling party is Wesco Aircraft Holdings Inc., incorporated in the USA, and prepares consolidated financial statements which are the smallest and largest to include the Company, and can be obtained from www.wescoair.com.