

Registration number: 01857310

Wesco Aircraft Europe Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2018



Wesco Aircraft Europe Limited

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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

Directors' Report for the Year Ended 30 September 2018 (continued)

The Directors present their report and the audited financial statements for the year ended 30 September 2018.

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 8. The Directors consider that the financial position of the Company is satisfactory following the group reorganisation on 1 April 2017, which resulted in the company's trade and assets being transferred to Wesco EMEA limited, a fellow subsidiary undertaking. The results for the Company show a (loss) / profit for the financial year of (£336,000) (2017 - £3,967,000 profit). The Directors declared on ordinary dividend during the year of £74,000,000 (2017 - £Nil) and do not recommend payment of a final dividend (2017 - £Nil).

The company did not trade in the year and is not expected to for the foreseeable future.

Strategic report

In accordance with section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has taken the exemption from preparing a Strategic Report, under the small company regime.

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 13/02/19 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 2018 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 2018; 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 September 2018 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 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 in respect of the financial statements set out on page 3, 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

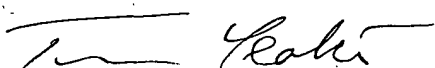
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Entitlement to exemption

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



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Tom Yeates (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Leeds

Date: 13/02/2019

Wesco Aircraft Europe Limited

Statement of Comprehensive Income for the Year Ended 30 September 2018

	Note	2018 £ 000	2017 £ 000
Turnover	3	-	61,977
Cost of sales		-	(42,321)
Gross profit		-	19,656
Administrative expenses (2018 - credit)		23	(10,170)
Operating profit	4	23	9,486
Interest receivable and similar income	5	-	898
Interest payable and similar expenses	6	-	(34)
Profit before taxation		23	10,350
Tax on profit	10	(359)	(6,383)
Total comprehensive (expense) / income for the financial year		(336)	3,967

The above results were derived from continuing operations (2017: discontinued operations).

The notes on pages 10 to 18 form an integral part of these financial statements.

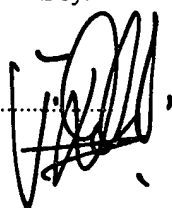
Wesco Aircraft Europe Limited

(Registration number: 01857310)
Balance Sheet as at 30 September 2018

	Note	2018 £ 000	2017 £ 000
Current assets			
Debtors	11	46,047	120,411
Creditors: Amounts falling due within one year	12	<u>(4,924)</u>	<u>(4,588)</u>
Total assets less current liabilities		41,123	115,823
Creditors: Amounts falling due after more than one year	12	<u>(1,808)</u>	<u>(2,172)</u>
Net assets		<u>39,315</u>	<u>113,651</u>
Capital and reserves			
Called up share capital	14	20	20
Share premium account		37,611	37,611
Profit and loss account		<u>1,684</u>	<u>76,020</u>
Total equity		<u>39,315</u>	<u>113,651</u>

The financial statements on pages 7 to 18 were approved and authorised by the Board on 13/12/19 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 2018

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 October 2017	20	37,611	76,020	113,651
Total comprehensive expense	-	-	(336)	(336)
Dividends	-	-	(74,000)	(74,000)
At 30 September 2018	<u>20</u>	<u>37,611</u>	<u>1,684</u>	<u>39,315</u>

	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>

The notes on pages 10 to 18 form an integral part of these financial statements.

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

1 General information

The Company is a private company limited by share capital incorporated in the United Kingdom. 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 2018

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 2018

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 charged 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 2018

3 Turnover

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

	2018 £ 000	2017 £ 000
UK	-	16,583
Europe	-	34,488
North America	-	6,153
Rest of the world	-	4,753
	<u>-</u>	<u>61,977</u>

4 Operating profit

Arrived at after charging/(crediting):

	2018 £ 000	2017 £ 000
Depreciation expense	-	112
Foreign exchange gains	(23)	(65)
Operating lease expense	-	162
Stock recognised as an expense	-	38,105
Impairment of stocks	<u>-</u>	<u>396</u>

5 Other interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest income on bank deposits	-	8
Other finance income	<u>-</u>	<u>890</u>
	<u>-</u>	<u>898</u>

6 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
Interest expense on other finance liabilities	<u>-</u>	<u>34</u>

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

7 Staff costs

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

	2018 £ 000	2017 £ 000
Wages and salaries	-	4,012
Social security costs	-	405
Other pension costs	-	377
	<u>-</u>	<u>4,794</u>

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

	2018 No.	2017 No.
Administration	-	118
Sales	-	72
Warehouse	-	77
	<u>-</u>	<u>267</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration	-	129
Company pension contributions to money purchase schemes	-	81
	<u>-</u>	<u>210</u>

No remuneration is receivable by the directors for their services to this company. Their remuneration was borne by other group companies with no allocation or recharge.

Two directors exercised share options during the year (2017: three).

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

9 Auditors' remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	-	25
	-	25

10 Tax on profit

Tax charged/(credited) in the income statement:

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	151	1,891
Adjustments in respect of previous periods	208	4,504
	359	6,395
Deferred taxation		
Origination and reversal of timing differences	-	(15)
Tax rate changes	-	1
Adjustments in respect of prior periods	-	2
Total deferred taxation	-	(12)
Tax expense in the income statement	359	6,383

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.5%).

The differences are reconciled below:

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

10 Tax on profit (continued)

	2018 £ 000	2017 £ 000
Profit before taxation	23	10,350
Corporation tax at standard rate	4	2,018
Expenses not deductible for tax purposes	-	94
Adjustments in respect of previous years	208	4,506
Group relief	147	(236)
Tax rate changes	-	1
Total tax charge	359	6,383

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.

11 Debtors

	2018 £ 000	2017 £ 000
Amounts owed by group undertakings	46,047	120,411
	46,047	120,411

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.

12 Creditors

	2018 £ 000	2017 £ 000
Due within one year		
Corporation tax liability	4,924	4,588
Due after one year		
Amounts owed to group undertakings	1,808	2,172

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 2018

13 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 £Nil (2017 - £377,004).

14 Called up share capital

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	20	20	20	20

15 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.

16 Dividends

	2018	2017
	£ 000	£ 000
Interim dividend of £3,700.00 (2017 - £Nil) per ordinary share	74,000	-

Wesco Aircraft Europe Limited

Notes to the Financial Statements for the Year Ended 30 September 2018

17 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 £Nil (2017 - £76,083). At the balance sheet date there was £Nil balance outstanding (2017 - £Nil).

18 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.