Registered number: 01857310

WESCO AIRCRAFT EUROPE, LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



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COMPANY INFORMATION

Directors	N R Austerberry (resigned 15 January 2024) M Whatling D R Landry W R Hollinshead
Company Secretary	D R Landry
Registered Number	01857310
Registered Office	50 Longbridge Lane Allenton Derby United Kingdom Derbyshire DE24 8UJ
Independent Auditors	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022..

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Directors

The Directors who served during the year and up to the date of signing were:

N R Austerberry (resigned 15 January 2024)
M Whatling
D R Landry
W R Hollinshead

Results and Dividends

The Company's balance sheet is set out on page 12. The Directors consider that the financial position of the Company is satisfactory, and it will continue to be a non-trading company following the transfer of its business to a fellow subsidiary undertaking in 2017. The results for the Company show a loss of £46,576,000 (2021 – loss of £21,978,000) which was due to the impairment of intercompany debt. (2021: due to the remeasurement of the historical sale of company assets). No dividend was paid during the year (2021 - £Nil) and the Directors do not recommend the payment of a dividend (2021 - £nil).

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.

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' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Liquidity and capital resources

The Wesco Group's primary sources of liquidity has been from cash flow from operations, available borrowings under an Asset Backed Lending ("ABL") credit facility, and debt financings. Wesco continues to implement various cost reduction measures and initiatives to accelerate the reduction in working capital to enhance liquidity.

Wesco had total available cash and cash equivalents of $162 million as at 31 January 2024 and was not permitted to make further immediate borrowings under the ABL facility, which accelerated automatically upon the filing of the Wesco Group's chapter 11 cases (described below). All of Wesco's cash and cash equivalents were non-restricted and all of the foreign cash and cash equivalents are readily convertible into U.S. dollars or other foreign currencies.

Due to fluctuations in Wesco's cash flows, including for investment in working capital to fund growth in operations, it is necessary from time to time to borrow under the revolving facility to meet cash demands.

On 31 January 2024, total borrowing under the ABL facility was $422million with $1.7million in letters of credit outstanding.

Voluntary Petition for Bankruptcy

The COVID-19 health crisis posed significant and widespread risks to our global business as well as to the business environment and the markets in which we operate. All Wesco Aircraft Holdings Inc. subsidiaries, including Wesco Aircraft Europe Limited are directly and indirectly funded by a US parent company, Wesco Aircraft Holdings Inc. ("Wesco" and, together with its subsidiaries, "Group") through intercompany arrangements which are repayable on demand. No significant cash or external borrowings are held in the UK.

On 1 June 2023, Wesco and forty-three of its subsidiaries and affiliates (collectively, the "Debtors"), including all UK group companies, filed voluntary petitions for relief under title 11 of the U.S. Code (the "Bankruptcy Code"). These cases remain pending and are jointly administered under Case No. 23-90611 (MI) before the U.S. Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtors include each of the obligors under the Group's notes and ABL facility. A plan of reorganisation has been proposed and the confirmation objection deadline is 5 March 2024, subject to further extension. In the event this plan of reorganisation is not approved, a further plan will be developed and put to the obligors under the Group's notes and ABL facility.

In 2022, Wesco consummated a series of transactions with certain holders of the Pre-Recapitalisation Notes (the "Participating Holders") to issue new 2026 and 2027 notes, amend the terms governing the Pre-Recapitalisation Notes, and exchange the Participating Holders' Pre-Recapitalisation Notes for the new senior secured notes due in 2026 and 2027.

In June 2023, Wesco received interim approval from the Bankruptcy Court to access a debtor-in-possession ("DIP") financing in the initial amount of $110 million, consisting of notes due 1 March 2024. In July 2023, Wesco received final approval from the Bankruptcy Court to borrow an incremental amount of $190 million under the DIP financing. This provided sufficient short-term liquidity for the Group and Company to meet their obligations, including post-petition obligations to vendors and suppliers, as well as employee wages, salaries and benefits programmes.

On 31 January 2024, Incora had drawn down all available funds under the DIP financing.

The DIP financing is currently due to mature on 1 April 2024, with the option to extend with the Bankruptcy Court's approval if progress is made in achieving approval for a plan of reorganization. If the Bankruptcy Court's judgment is that sufficient progress is not being made, then there is a risk that the DIP financing is not extended in which case alternative financing would need to be obtained, which is not assured, or otherwise the Group may need to be liquidated. Based on discussions with the lenders and legal representatives, the Directors' expectation is that the DIP financing will be extended to enable approval for the plan of reorganisation to be achieved. However, as

Voluntary Petition for Bankruptcy (continued)

highlighted below, there is a material uncertainty as to the ability of the Wesco Group and the Company to secure further funding following the maturity of the DIP financing.

The Group and its subsidiaries are continuing to operate as business as usual and are expected to continue doing so during the Chapter 11 process. For the duration of the Chapter 11 process and the period following the expected exit from Chapter 11, the Group and Company operations, ability to develop and execute its business plan, as well as its continuation as a going concern are subject to risks and uncertainties associated with the Chapter 11 process.

The Group's results and their ability to continue as a going concern depend on developments in the Chapter 11 proceedings. Since the plan of reorganisation has yet to be approved, a situation may arise whereby the Company may not be able to continue into the foreseeable future. These risks include the following:

- The Group's ability to confirm and consummate a plan of reorganisation which, if unsuccessful, may delay or impede the Group's and Company's ability to emerge from the Chapter 11 cases;
- The significant administrative costs of bankruptcy proceedings and related fees;
- The actions and decisions of the Group's and Company's creditors and other third parties who have interests in the Chapter 11 process that may be inconsistent with the Group's plans which might have a disruptive influence on the Chapter 11 process;
- The Group's ability to obtain sufficient financing to allow it to emerge from bankruptcy (which is subject to negotiations with lenders), and such financing remaining available and sufficient to support the Group and Company to be able to execute its business plan post emergence and post maturity of the DIP facility;
- The Group's ability to obtain requisite consents to extend the maturity of the DIP facility beyond 1 April 2024;
- The Company's ability to obtain sufficient financing from the Group to enable it to meet its obligations as they fall due;
- The Group's and Company's ability to maintain relationships with customers, suppliers, employees and other third parties, and
- The Group's and Company's ability to maintain contracts that are critical to its operations.

As a result of the risks and uncertainties associated with the Chapter 11 process, the Directors cannot accurately predict or quantify the ultimate impact that events that occur during or as a result of the Chapter 11 process will have on the Group's business, financial condition, results of operations and cash flows. Moreover, the outcome of the Chapter 11 process is dependent upon factors that are outside of the Group's control, including actions of the Court and the Group's creditors.

These circumstances indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

Conclusion

The Directors have updated their assessment of going concern to reflect these matters and are satisfied that it remains appropriate to prepare the Company's financial statements on a going concern basis. The Directors consider that the most likely resolution to the Chapter 11 process is the approval of a plan of reorganisation, following an extension of the maturity date of the DIP facility. The Company considers the risks that (a) an extension of DIP funding is not obtained and/or (b) a plan of reorganiation is not confirmed and implemented to be low.

However, the matters outlined above represent material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

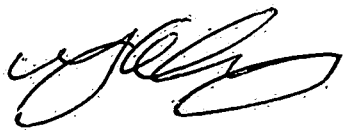
Post balance sheet events

Please refer to Note 17.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 1 March 2024 and signed on its behalf.



Mark Whatling
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Directors' 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, 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 report was approved by the Board on 1 March 2024 and signed on its behalf.

Mark Whatling
Director

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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.
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We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.4 to the financial statements concerning the company's ability to continue as a going concern. On 1 June 2023, Wesco Aircraft Europe, Ltd and forty-three of its affiliates (collectively, the "Debtors"), inclusive of all UK companies, filed voluntary petitions for relief under title 11 of the U.S. Code (the "Bankruptcy Code"). There are significant uncertainties inherent in the bankruptcy process. As a result of the risks and uncertainties associated with the Chapter 11 Cases, the Directors cannot accurately predict or quantify the ultimate impact that events that occur during or as a result of the Chapter 11 Cases will have on the Company's business, financial condition, results of operations and cash flows. Moreover, the outcome of the Chapter 11 Cases is dependent upon factors that are outside of the Company's control, including actions of the Court and the creditors. In addition, there is a theoretical risk that the Debtors do not emerge from Chapter 11, or does so in a way that adversely affects the Company. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 31 December 2022 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 Directors' Responsibilities Statement, 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journals entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:

- discussion with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws, regulations and fraud;
- testing accounting estimates, particularly in relation to the recoverability of amounts owed by group undertakings, that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- identifying and testing journal entries using a risk-based approach for unexpected account combinations; and
- reviewing financial statement disclosures and testing to support documentation, where appropriate, to assess compliance with applicable laws and regulations.
-

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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 exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Rachel Greveson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

1 March 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 £000	31 December 2021 £000
Administrative expenses		(46,550)	(21,015)
Operating loss	3	**(46,550)**	(21,015)
Interest receivable and similar income	7	-	131
Interest payable and similar expenses	8	(26)	(16)
Loss before tax		**(46,576)**	(20,900)
Tax on loss	9	-	(1,078)
Loss for the financial year		**(46,576)**	(21,978)

The notes on pages 14 to 22 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	31 December 2022 £000	31 December 2021 £000
Current assets			
Debtors: amounts falling due after more than one year	10	-	46,047
		-	46,047
Creditors: amounts falling due within one year	11	**(4,543)**	(4,037)
Net current (liabilities) / assets		**(4,543)**	42,010
Total assets less current liabilities		**(4,543)**	42,010
Creditors: amounts falling due after more than one year	12	**(3,503)**	(3,480)
Net (liabilities) / assets		**(8,046)**	38,530
Capital and Reserves			
Called up share capital	13	**20**	20
Share premium account	14	**58,626**	58,626
Accumulated losses	14	**(66,692)**	(20,116)
Total Equity		**(8,046)**	38,530

The notes on pages 14 to 22 form part of these financial statements.

The registered number of the company is 01857310.

The financial statements on pages 11 to 22 have been prepared in accordance with the special provisions relating to companies subject to small companies regime with part 15 Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 March 2024.



M Whatling
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £000	Share premium account £000	Accum-ulated losses £000	Total Equity £000
At 1 January 2021	**20**	**37,611**	**1,862**	**39,493**
Comprehensive loss for the year				
Loss for the year	-	-	(21,978)	(21,978)
Total loss for the year	-	-	(21,978)	(21,978)
Shares issued during the year	-	21,015	-	21,015
Transactions with owners	-	21,015	-	21,015
At 31 December 2021	**20**	**58,626**	**(20,116)**	**38,530**
At 1 January 2022	**20**	**58,626**	**(20,116)**	**38,530**
Comprehensive loss for the year				
Loss for the year	-	-	**(46,576)**	**(46,576)**
Total loss for the year	-	-	**(46,576)**	**(46,576)**
At 31 December 2022	**20**	**58,626**	**(66,692)**	**(8,046)**

The notes on pages 14 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

2.1 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 periods presented, unless otherwise stated.

2.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the 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.

The following principal accounting policies have been applied:

2.3 Liquidity and Capital Resources

The Wesco Group's primary sources of liquidity has been from cash flow from operations, available borrowings under an Asset Backed Lending ("ABL") credit facility, and debt financings. Wesco continues to implement various cost reduction measures and initiatives to accelerate the reduction in working capital to enhance liquidity.

Wesco had total available cash and cash equivalents of $162 million as at 31 January 2024 and was not permitted to make further immediate borrowings under the ABL facility, which accelerated automatically upon the filing of the Wesco Group's chapter 11 cases (described below). All of Wesco's cash and cash equivalents were non-restricted and all of the foreign cash and cash equivalents are readily convertible into U.S. dollars or other foreign currencies.

Due to fluctuations in Wesco's cash flows, including for investment in working capital to fund growth in operations, it is necessary from time to time to borrow under the revolving facility to meet cash demands.

On 31 January 2024, total borrowing under the ABL facility was $422 million with $1.7 million in letters of credit outstanding.

2.4 Voluntary Petition for Bankruptcy

The COVID-19 health crisis posed significant and widespread risks to our global business as well as to the business environment and the markets in which we operate. All Wesco Aircraft Holdings Inc. subsidiaries, including Wesco Aircraft Europe Limited are directly and indirectly funded by a US parent company, Wesco Aircraft Holdings Inc. ("Wesco" and, together with its subsidiaries, "Group") through intercompany arrangements which are repayable on demand. No significant cash or external borrowings are held in the UK.

On 1 June 2023, Wesco and forty-three of its subsidiaries and affiliates (collectively, the "Debtors"), including all UK group companies, filed voluntary petitions for relief under title 11 of the U.S. Code (the "Bankruptcy Code").

2 Accounting Policies (continued)

2.4 Voluntary Petition for Bankruptcy

These cases remain pending and are jointly administered under Case No. 23-90611 (MI) before the U.S. Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtors include each of the obligors under the Group's notes and ABL facility. A plan of reorganisation has been proposed and the confirmation objection deadline is 5 March 2024, subject to further extension. In the event this plan of reorganisation is not approved, a further plan will be developed and put to the obligors under the Group's notes and ABL facility.

In 2022, Wesco consummated a series of transactions with certain holders of the Pre-Recapitalisation Notes (the "Participating Holders") to issue new 2026 and 2027 notes, amend the terms governing the Pre-Recapitalisation Notes, and exchange the Participating Holders' Pre-Recapitalisation Notes for the new senior secured notes due in 2026 and 2027.

In June 2023, Wesco received interim approval from the Bankruptcy Court to access a debtor-in-possession ("DIP") financing in the initial amount of $110 million, consisting of notes due 1 March 2024. In July 2023, Wesco received final approval from the Bankruptcy Court to borrow an incremental amount of $190 million under the DIP financing. This provided sufficient short-term liquidity for the Group and Company to meet their obligations, including post-petition obligations to vendors and suppliers, as well as employee wages, salaries and benefits programmes.

On 31 January 2024, Incora had drawn down all available funds under the DIP financing.

The DIP financing is currently due to mature on 1 April 2024, with the option to extend with the Bankruptcy Court's approval if progress is made in achieving approval for a plan of reorganization. If the Bankruptcy Court's judgment is that sufficient progress is not being made, then there is a risk that the DIP financing is not extended in which case alternative financing would need to be obtained, which is not assured, or otherwise the Group may need to be liquidated. Based on discussions with the lenders and legal representatives, the Directors' expectation is that the DIP financing will be extended to enable approval for the plan of reorganisation to be achieved. However, as highlighted below, there is a material uncertainty as to the ability of the Wesco Group and the Company to secure further funding following the maturity of the DIP financing.

The Group and its subsidiaries are continuing to operate as business as usual and are expected to continue doing so during the Chapter 11 process. For the duration of the Chapter 11 process and the period following the expected exit from Chapter 11, the Group and Company operations, ability to develop and execute its business plan, as well as its continuation as a going concern are subject to risks and uncertainties associated with the Chapter 11 process.

The Group's results and their ability to continue as a going concern depend on developments in the Chapter 11 proceedings. Since the plan of reorganisation has yet to be approved, a situation may arise whereby the Company may not be able to continue into the foreseeable future. These risks include the following:

- The Group's ability to confirm and consummate a plan of reorganisation which, if unsuccessful, may delay or impede the Group's and Company's ability to emerge from the Chapter 11 cases;
- The significant administrative costs of bankruptcy proceedings and related fees;
- The actions and decisions of the Group's and Company's creditors and other third parties who have interests in the Chapter 11 process that may be inconsistent with the Group's plans which might have a disruptive influence on the Chapter 11 process;
- The Group's ability to obtain sufficient financing to allow it to emerge from bankruptcy (which is subject to negotiations with lenders), and such financing remaining available and sufficient to support the Group and Company to be able to execute its business plan post emergence and post maturity of the DIP facility

2.4 Voluntary Petition for Bankruptcy (continued)

- The Group's ability to obtain requisite consents to extend the maturity of the DIP facility beyond 1 April 2024;
- The Company's ability to obtain sufficient financing from the Group to enable it to meet its obligations as they fall due;
- The Group's and Company's ability to maintain relationships with customers, suppliers, employees and other third parties, and
- The Group's and Company's ability to maintain contracts that are critical to its operations.

As a result of the risks and uncertainties associated with the Chapter 11 process, the Directors cannot accurately predict or quantify the ultimate impact that events that occur during or as a result of the Chapter 11 process will have on the Group's business, financial condition, results of operations and cash flows. Moreover, the outcome of the Chapter 11 process is dependent upon factors that are outside of the Group's control, including actions of the Court and the Group's creditors.

These circumstances indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

Conclusion

The Directors have updated their assessment of going concern to reflect these matters and are satisfied that it remains appropriate to prepare the Company's financial statements on a going concern basis. The Directors consider that the most likely resolution to the Chapter 11 process is the approval of a plan of reorganisation, following an extension of the maturity date of the DIP facility. The Company considers the risks that (a) an extension of DIP funding is not obtained and/or (b) a plan of reorganisation is not confirmed and implemented to be low.

However, the matters outlined above represent material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business.

2.5 Summary of disclosure exemptions

FRS 102 allows a qualifying entity 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 shared-based payment arrangements.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 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 transaction. All differences are taken to the profit and loss account.

2.9 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Dividends

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

2.13 Financial instruments

The Company applies FRS 102 chapters 11 and 12 in respect of financial instruments. Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual agreement. Equity instruments are those that entitle the holder to a residual interest in the company's assets after deducting all of it 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 measure 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Operating Loss

The operating loss is stated after charging:

	31 December 2022 £000	31 December 2021 £000
Impairment of amount owed by group undertakings	46,047	-
Remeasurement of the historical sale of company assets	-	21,015

4. Auditors' Remuneration

Auditors' remuneration of £8,000 (2021: £8,000) was borne by Wesco Aircraft EMEA, Ltd. There were no non-audit services provided by the auditors in the financial year (2021: £nil)

5. Employee

During the year, there were no employees (2021: nil)

6. Directors Remuneration

The Company has no employees other than directors, who did not receive any remuneration (2021: £nil) and no contributions paid to money purchase schemes (2021: £nil).

The directors of the Company are paid through a sister company, Pattonair (Derby) Limited.

There is no recharge made to the company for this. The directors of Wesco Aircraft Europe Ltd are all directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in respect of the directors.

Key management personnel are considered to be directors of the Company. Given the directors are remunerated through Pattonair (Derby) Limited, there is no associated cost bourne for key management personnel within the Company.

7. Interest receivable and similar income

	31 December 2022 £000	31 December 2021 £000
Other interest receivable	-	131

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Interest payable and similar expenses

	31 December 2022	31 December 2021
	£000	£000
Other interest payable	26	16

9. Tax on loss

	31 December 2022	31 December 2021
	£000	£000
Corporation Tax		
Current tax on profits for the year – all related to Canadian tax	-	1,078
	-	1,078
Total current tax	-	1,078
Deferred tax		
Total deferred tax	-	-
Taxation on profit / (loss) on ordinary activities	-	1,078

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assess for the year is lower than 2021 (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The difference is explained below:

	31 December 2022	31 December 2021
	£000	£000
Loss on ordinary activities before tax	(46,576)	(20,900)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(8,850)	(3,971)
Effects of:		
Expenses not deductible for tax purposes	8,850	-
Adjustments to Canadian tax liability in respect of prior periods	-	130
Non-taxable expense in relation to Canadian tax	-	3,996
Non-taxable income in relation to Canadian tax	-	(25)
Change in current year Canadian tax liability leading to an increase in the tax charge	-	948
Total tax charge for the year	-	1,078

The standard rate of tax applied to reported profit on ordinary activities is 19% (2021: 19%). The March 2021 Budget announced an increase in corporation tax rate to 25% from 1 April 2023 which was substantively enacted in Finance Act 2021 on 24 May 2021. The Company's deferred tax balances are measured using the corporation tax rates that have been enacted or substantively enacted at the statement of financial position date, based on the periods in which the temporary differences are forecast to reverse (19% for deferred tax expected to reverse before 1 April 2023, and 25% for deferred tax expected to reverse on or after 1 April 2023). During the year beginning 1 January 2023, the net reversal of deferred tax assets and liabilities is expected to be £nil.

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Debtors: amounts falling due after more than one year

	2022	2021
	£000	£000
Amounts owed by group undertakings	-	46,047

Amounts owed by group undertakings are classified as non-current. Loan amounts owed by group undertakings are unsecured and interest-free. The balance owed by group undertakings is stated after a provision for impairment of £46,047,272 (2021: £nil).

11. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Corporation tax due to the Canadian Tax Authorities on demand	(4,543)	(4,037)

12. Creditors: amounts falling due after more than one year

	2022	2021
	£000	£000
Amounts owed to group undertakings	(3,503)	(3,480)

Amounts owed to group undertakings are unsecured, interest-free and are payable in demand.

13. Called up share capital

	2022	2021
	£000	£000
Allotted, called up and fully paid		
20,001 (2021: 20,001) Ordinary shares of £1.00 each	20	20

During 2021, the parent undertaking, Wesco Aircraft International Holdings Limited made a capital contribution of £21,015,056 to subscribe for one ordinary share of £1.00. The excess was posted to the share premium account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Reserves

Called up share capital

Share capital represents the number of shares issued at nominal price.

Share premium account

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

Accumulated losses

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

15. Related party transactions

There are no related party transactions noted in the year (2021: £ nil).

16. Controlling party

The company's immediate parent is Wesco International Holdings Limited, incorporated in England and Wales.

On 9 January 2020, Wesco Aircraft Holdings Inc., the ultimate holding company of the Company was acquired by Wolverine Top Holding Corporation, an affiliate of Platinum Equity Advisors, LLC.

Wolverine Top Holding Corporation replaces Wesco Aircraft Holdings Inc., as the ultimate holding company and the latter becomes the Company's intermediate company.

Wolverine Top Holding Corporation is incorporated in the United States of America, and prepared consolidated financial statements which are the smallest and largest to include the Company. USA.

17. Post balance sheet events

On 1 June 2023, the Company, along with other companies in the same Group, entered into Chapter 11 voluntary bankruptcy arrangement filed with the courts in Texas, USA, where the Group Head Office is situated. The Company expects to exit these arrangements in the first half of 2024.