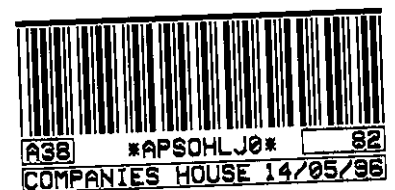


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# Abela Airline Catering Limited

## Report and Accounts

31 December 1994



# Abela Airline Catering Limited

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Registered No. 2647224

## **DIRECTORS**

Sir Anthony Joliffe (Chairman)

C Rami

A J M Abela

M R P Abela

R K Jeha

## **SECRETARY**

K Gold

## **AUDITORS**

Ernst & Young

Rolls House

7 Rolls Buildings

Fetter Lane

London EC4A 1NH

## **REGISTERED OFFICE**

27 Central Way

Feltham

Middlesex TW14 0UU

# Abela Airline Catering Limited

## DIRECTORS' REPORT

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The directors present their report and accounts for the year ended 31 December 1994.

The company changed its name to Abela Airline Catering Limited from Abela & Gate Gourmet Limited in January 1996.

### PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENT

The company's principal activity is the supply of in-flight catering to airlines.

### RESULTS AND DIVIDENDS

The loss for the year amounted to £1,900,009 (1993 - loss £1,816,445) and is dealt with as shown in the profit and loss account.

The directors are unable to recommend the payment of a dividend.

### FIXED ASSETS

Movements in fixed assets during the period are set out in note 8 to the accounts.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

The Earl of Crawford and Balcarres

Carlo Rami

Azar Raffoul

Martin Luchsinger

Robert Kruijswijk

Eduard Fischer

Wolfgang Werle

Mr E Fischer and Mr W Werle resigned as directors on 28 October 1994. On the same date Mr R Kruijswijk and Mr M Luchsinger were appointed as directors. Mr Kruijswijk, Mr Luchsinger and Mr Raffoul resigned as directors on 24 November 1995. The Earl of Crawford and Balcarres resigned on 17 February 1995. Sir Anthony Jolliffe was appointed as a director on 17 February 1995. Mr A J M Abela, Mr M R P Abela and Mr R K Jeha were appointed as directors on 17 November 1995.

None of the directors had any interest in the shares of the company during the year.

### EMPLOYEE INVOLVEMENT AND DISABLED EMPLOYEES

The company is committed to involve all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the company.

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the company who become disabled to continue in their employment or to be trained for other positions in the company.

DIRECTORS' REPORT

**AUDITORS**

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



Secretary

9 MAY 1996

## Abela Airline Catering Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**to the members of Abela Airline Catering Limited**

We have audited the accounts on pages 6 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

Chartered Accountants

Registered Auditor

London

*9 May 1996*

# Abela Airline Catering Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

	Notes	1994 £	1993 £
<b>TURNOVER</b>		12,583,416	3,063,343
Cost of sales		(9,716,655)	(2,544,789)
Gross profit		2,866,761	518,554
Administrative expenses		(3,923,961)	(1,821,512)
<b>OPERATING LOSS</b>	3	(1,057,200)	(1,302,958)
Interest payable	6	(842,809)	(513,487)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,900,009)	(1,816,445)
<b>TAXATION</b>	7	—	—
<b>LOSS ON ORDINARY ACTIVITIES FOR THE YEAR</b>		(1,900,009)	(1,816,445)

There were no recognised gains or losses other than those included in the profit and loss account.

A statement of the movements on reserves can be found in note 16.

# Abela Airline Catering Limited

## BALANCE SHEET

at 31 December 1994

	Notes	1994 £	1993 £
<b>FIXED ASSETS</b>			
Tangible assets	8	8,706,459	8,792,644
<b>CURRENT ASSETS</b>			
Stocks		298,259	152,221
Debtors	9	2,652,332	1,459,571
Pre-operating expenses		28,182	270,797
Cash at bank and in hand	10	10,076	284,021
		<u>2,988,849</u>	<u>2,166,610</u>
<b>CREDITORS: amounts falling due within one year</b>	11	7,471,110	4,306,939
<b>NET CURRENT LIABILITIES</b>		<u>(4,482,261)</u>	<u>(2,140,329)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,224,198	6,652,315
<b>CREDITORS: amounts falling due after more than one year</b>	12	4,996,567	5,524,675
		<u>(772,369)</u>	<u>1,127,640</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	3,000,000	3,000,000
Profit and loss account	16	(3,772,369)	(1,872,360)
		<u>(772,369)</u>	<u>1,127,640</u>

Director

9 MAY 1996



# Abela Airline Catering Limited

## STATEMENT OF CASH FLOWS

for the year ended 31 December 1994

	Notes	1994 £	1993 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	3(b)	10,659	(95,175)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest payable		(334,798)	—
Interest element of finance lease rental payments		(160,801)	(112,720)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(495,599)	(112,720)
<b>TAX PAID</b>		(13,314)	—
<b>INVESTING ACTIVITIES</b>			
Receipts from disposal of fixed assets		34,591	—
Payments to acquire tangible fixed assets		(201,297)	(2,748,742)
Payments for pre-operating expenses		(53,267)	(335,780)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		(219,973)	(3,084,522)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		(718,227)	(3,292,417)
<b>FINANCING</b>			
(Repayment)/drawn down of bank loan		(400,000)	1,693,810
New loans from shareholders		—	1,907,000
Repayment of capital element of finance leases		(76,516)	(43,018)
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>		(476,516)	3,557,792
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	10	(1,194,743)	265,375

Major non-cash transactions:

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £378,023 (1993 - £809,522).

# Abela Airline Catering Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared on a going concern basis because the ultimate holding company has agreed to provide continuing support so as to allow the company to trade up to at least 30 June 1997.

### 2. ACCOUNTING POLICIES

#### *Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	over 25 years (except roads, over 8 years)
Plant and equipment	-	over 8 years
Motor vehicles	-	over 5 years
Leased motor vehicles	-	over the lease term

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value as follows:

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over the relevant lease term.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

#### *Pre-operating expenditure*

Pre-operating expenditure incurred up to the date of commencement of trading is deferred and charged to profit and loss account over a two year period from April 1993.

#### *Turnover*

Turnover, which is stated net of valued added tax and other levies, is attributable to one continuing activity, the supply of in-flight catering to airlines. All turnover originates in the United Kingdom.

# Abela Airline Catering Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 3. OPERATING LOSS

(a) This is stated after charging:

	1994	1993
	£	£
Auditors' remuneration - audit services	15,000	12,000
- non audit services	8,325	-
Depreciation of owned fixed assets	497,372	331,895
Depreciation of assets held under finance leases	133,542	84,283
Operating lease rentals - land and buildings	31,342	24,402

(b) Reconciliation of operating loss to net cash outflow from operating activities:

	1994	1993
	£	£
Operating loss	(1,057,200)	(1,302,958)
Depreciation	630,914	416,178
Amortisation of pre-operating expense	295,882	214,124
Increase in debtors	(1,192,761)	(1,070,263)
Increase in stocks	(146,038)	(152,221)
Increase in creditors	1,479,862	1,799,965
Net cash inflow/(outflow) from operating activities	10,659	(95,175)

### 4. STAFF COSTS

	1994	1993
	£	£
Wages and salaries	4,579,593	1,289,910
Social security costs	368,076	113,282
	4,947,669	1,403,192

The average weekly number of employees during the year was as follows:

	1994	1993
	No.	No.
Administration	24	15
Operational	251	93
	275	108

### 5. EMOLUMENTS OF DIRECTORS

The directors received no emoluments during the accounting period.

# Abela Airline Catering Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 6. INTEREST PAYABLE

	1994 £	1993 £
Bank loans	371,427	355,483
Finance charges payable under finance leases	160,801	112,720
Shareholders' loans	248,060	45,284
Other interest	62,521	—
	<u>842,809</u>	<u>513,487</u>

### 7. TAXATION

The tax charge on the taxable profit.

	1994 £	1993 £
Corporation tax at 33%	—	—

### 8. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i> £	<i>Plant and equipment</i> £	<i>Motor vehicles</i> £	<i>Leased motor vehicles</i> £	<i>Total</i> £
Cost:					
At 1 January 1994	5,991,744	2,379,261	28,295	809,522	9,208,822
Additions	121,147	80,150	—	378,023	631,589
Disposals	—	(34,591)	—	—	(34,591)
At 31 December 1994	<u>6,112,891</u>	<u>2,424,820</u>	<u>28,295</u>	<u>1,187,545</u>	<u>9,753,551</u>
Depreciation:					
At 1 January 1994	143,253	184,398	4,244	84,283	416,178
Charge for the year	190,577	301,136	5,659	133,542	630,914
At 31 December 1994	<u>333,830</u>	<u>485,534</u>	<u>9,903</u>	<u>217,825</u>	<u>1,047,092</u>
Net book value:					
At 31 December 1994	<u>5,779,061</u>	<u>1,939,286</u>	<u>18,392</u>	<u>969,720</u>	<u>8,706,459</u>
At 1 January 1994	<u>5,848,491</u>	<u>2,194,863</u>	<u>24,051</u>	<u>725,239</u>	<u>8,792,644</u>

# Abela Airline Catering Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 9. DEBTORS

	1994 £	1993 £
Trade debtors	2,053,197	1,312,762
Other debtors	518,097	120,727
Prepayments	24,334	26,082
Receivables from related companies	56,704	
	<u>2,652,332</u>	<u>1,459,571</u>

### 10. CASH AND CASH EQUIVALENTS

	1994 £	Change in year £	1993 £	Change in year £	1992 £
Cash at bank and in hand	10,076	(273,945)	284,021	265,375	18,646
Bank overdraft	(920,798)	(920,798)	—	—	—
	<u>(910,722)</u>	<u>(1,194,743)</u>	<u>284,021</u>	<u>265,375</u>	<u>18,646</u>

### 11. CREDITORS: amounts falling due within one year

	1994 £	1993 £
Bank overdraft	920,798	—
Current instalment due on bank loan (note 13)	600,000	400,000
Obligations under finance leases (note 14)	102,003	71,341
Trade creditors	811,621	802,108
Current corporation tax	—	13,314
Other taxes and social security costs	151,096	73,191
Other creditors	2,016,418	321,705
Accruals	539,088	555,887
Amounts owed to parent company	423,086	162,393
Shareholders' loans	1,907,000	1,907,000
	<u>7,471,110</u>	<u>4,306,939</u>

The shareholders loans have no specified date of repayment. Interest is charged at 2% above LIBOR.

# Abela Airline Catering Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 12. CREDITORS: amounts falling due after more than one year

	1994	1993
	£	£
Bank loan (note 13)	3,850,000	4,450,000
Obligations under finance leases (note 14)	966,008	695,163
Other creditors	180,559	379,512
	<u>4,996,567</u>	<u>5,524,675</u>

### 13. LOANS

	1994	1993
	£	£
Amounts repayable:		
In one year or less	600,000	400,000
Between one and two years	800,000	600,000
Between two and five years	3,050,000	2,800,000
	<u>4,450,000</u>	<u>3,800,000</u>
In more than five years	—	1,050,000
	<u>4,450,000</u>	<u>4,850,000</u>

The bank loan is secured by a first mortgage on the land and buildings and is repayable in six annual instalments up to September 1999.

Interest is charged at LIBOR plus 1.5%.

# Abela Airline Catering Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 14. OBLIGATIONS UNDER FINANCE LEASES

The maturity of these amounts is as follows:

	1994 £	1993 £
Amounts payable:		
within one year	314,340	220,176
within two to five years	1,211,902	922,726
thereafter	208,070	197,760
	<u>1,734,312</u>	<u>1,340,662</u>
Less finance charges allocated to future periods	(666,301)	(574,158)
	<u>1,068,011</u>	<u>766,504</u>

	1994 £	1993 £
Finance leases are analysed as follows:		
Current obligations	102,003	71,341
Non current obligations	966,008	695,163
	<u>1,068,011</u>	<u>766,504</u>

### 15. CALLED UP SHARE CAPITAL

	Authorised 1994 No.	Authorised, allotted, called up and fully paid 1994 £	Authorised 1993 No.	Authorised, allotted, called up and fully paid 1993 £
Ordinary shares of £1 each	3,000,000	3,000,000	3,000,000	3,000,000

### 16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 1993	100	1,499,900	(55,915)	1,444,085
Shares allotted	1,500,000	—	—	1,500,000
Capitalisation of share premium	1,499,900	(1,499,900)	—	—
Loss for the year	—	—	(1,816,445)	(1,816,445)
At 1 January 1994	3,000,000	—	(1,872,360)	1,127,640
Loss for the year	—	—	(1,900,009)	(1,900,009)
At 31 December 1994	<u>3,000,000</u>	<u>—</u>	<u>(3,772,369)</u>	<u>(772,369)</u>

# Abela Airline Catering Limited

## NOTES TO THE ACCOUNTS

at 31 December 1994

### 17. CAPITAL COMMITMENTS

At 31 December 1994 the company had contracted capital commitments of £nil (1993 - £nil).

### 18. OTHER FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	<i>Land and buildings</i>	
	<i>1994</i>	<i>1993</i>
	<i>£</i>	<i>£</i>
Operating leases which expire: within one year	<u>161,000</u>	<u>31,342</u>

### 19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current years presentation.

### 20. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is, in the opinion of the Directors, Albert Abela Corporation which is registered in Liechtenstein.