

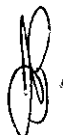
Registered no: 135362

Prestwick International Airport Limited

(formerly PIK Limited)

Annual report

for the year ended 31 March 1995



Prestwick International Airport Limited (formerly PIK Limited)

Annual report for the year ended 31 March 1995

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Prestwick International Airport Limited (formerly PIK Limited)

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Directors and advisers

Executive directors

Matthew C Hudson (Chairman)
Hugh H Lang

Nonexecutive directors

William Miller
James Moffat
Ian Welsh
William Poole
Paul Murray

Secretary and registered office

J M Johnston
Prestwick International Airport
Prestwick
KA9 2PL

Registered Auditors

Coopers & Lybrand
Kintyre House
209 West George Street
Glasgow
G2 2LW

Solicitors

**McClure, Naismith, Anderson &
Gardiner**
292 St Vincent Street
Glasgow
G2 5TQ

J M Johnston
1 Newmarket Street
Ayr
KA7 1LF

Bankers

The Royal Bank of Scotland
30 Sandgate
Ayr
KA7 1BY

Directors' report **for the year ended 31 March 1995**

The directors present their annual report and the audited financial statements for the year ended 31 March 1995.

Principal activities

The profit and loss account for the year is set out on page 7.

The principal activity of the company is the operation of Prestwick International Airport.

Review of business

Both the level of business and the year end financial position were acceptable in an overall group context for the third period of trading. The directors expect that the level of activity will continue to increase as new business and services are added. The company will continue to receive the support of its holding company for the foreseeable future.

Change of name

On 20 July 1995 the name of the company was changed by special resolution to Prestwick International Airport Limited.

Dividends

The directors do not recommend the payment of a dividend. The loss for the financial year of £464,942 will be transferred to reserves.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 10 to the financial statements.

Prestwick International Airport Limited (formerly PIK Limited)

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Directors

The directors of the company at 31 March 1995, all of whom were directors for the whole of the year ended on that date, (except as stated) are noted below.

William Miller
Matthew Hudson
Sir David McNee (resigned 31 May 1995)
James Moffat
Ian Welsh
William Poole
Paul Murray
Hugh Lang (appointed 24 October 1994)

Brendan Healy resigned as a director on 2 March 1995.

Sir David McNee retired from the board on 31 May 1995. The directors would like to express their thanks to Sir David for his contribution to the company.

Directors' interests in shares of the company

None of the directors of the company had any beneficial interest in the shares of the company. The interests of the directors in the shares of the parent company are shown in that company's accounts.

Close company provisions

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial year.

Directors responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Prestwick International Airport Limited **(formerly PIK Limited)**

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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 financial statements 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.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'J. M. Johnston', is written over the printed name and title.

J M Johnston
Secretary

28 July 1995

Report of the auditors to the members of Prestwick International Airport Limited (formerly PIK Limited)

We have audited the financial statements on pages 7 to 15.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements 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 financial statements 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 financial statements.

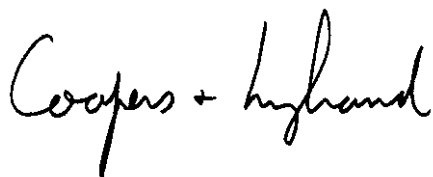
Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the continued support of the company's parent company by providing adequate working capital facilities. The financial statements do not include any adjustments that could result from a failure to obtain such continuing support. Details of the circumstances relating to this fundamental uncertainty are described in note 2 to the financial statements. Our opinion is not qualified in this respect.

**Report of the auditors to the members of
Prestwick International Airport Limited
(formerly PIK Limited)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads "Coopers + Lybrand".

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Glasgow

28 July 1995

Prestwick International Airport Limited **(formerly PIK Limited)**

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Profit and loss account **for the year ended 31 March 1995**

	Notes	1995 £	1994 £
Turnover - continuing operations	3	7,541,382	4,690,575
Operating expenses - continuing operations	4	7,932,259	4,979,584
Operating loss - continuing operations		(390,877)	(289,009)
Interest receivable and similar income		16,722	1,329
		(374,155)	(287,680)
Interest payable and similar charges	7	90,787	46,249
Loss on ordinary activities before taxation	8	(464,942)	(333,929)
Tax on loss on ordinary activities	9	-	-
Retained loss for the year	19	(464,942)	(333,929)

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

Prestwick International Airport Limited (formerly PIK Limited)

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Balance sheet at 31 March 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	10	319,265	180,300
Investments	11	260,000	-
		<u>579,265</u>	<u>180,300</u>
Current assets			
Stocks	12	119,435	53,385
Debtors	13	1,257,731	856,273
Cash and bank balances		43,330	-
		<u>1,420,496</u>	<u>909,658</u>
Creditors: amounts falling due within one year	14	<u>2,975,433</u>	<u>1,599,388</u>
Net current liabilities		<u>(1,554,937)</u>	<u>(689,730)</u>
Total assets less current liabilities		<u>(975,672)</u>	<u>(509,430)</u>
Creditors: amounts falling due after more than one year	15	<u>7,475</u>	<u>8,775</u>
Net liabilities		<u>(983,147)</u>	<u>(518,205)</u>
Capital and reserves			
Called up share capital	18	2	2
Profit and loss account	19	(983,149)	(518,207)
		<u>(983,147)</u>	<u>(518,205)</u>

The financial statements on pages 7 to 15 were approved by the board of directors on 28 July 1995 and were signed on its behalf by:



Matthew C Hudson
Chairman

Notes to the financial statements for the year ended 31 March 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Plant and machinery	10
Motor vehicles	25

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Prestwick International Airport Limited **(formerly PIK Limited)**

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Cash flow statement

The company is a wholly owned subsidiary of PIK Holdings Limited and the cash flows of the company are included in the consolidated group cash flow statement of the parent. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise. Full provision is made for deferred taxation on timing differences arising.

Pension costs

The company operates a defined contribution scheme. The charge against profits is the amount of contributions payable to the scheme in respect of the accounting period.

2 Parent company support

The company has a deficiency on net assets of £983,147 as a result of trading losses sustained and is able to continue in operational existence only with the support of its parent company, PIK Holdings Limited. The directors of PIK Holdings Limited have indicated their willingness to support the company through continued funding for the foreseeable future. The financial statements have been prepared on a going concern basis which assumes that the company will continue operational existence for the foreseeable future.

3 Turnover

Turnover consists entirely of sales made in the United Kingdom.

4 Net operating expenses

	1995 £	1994 £
Property related costs	1,185,789	865,177
Administrative expenses and other operating costs	6,746,470	4,114,407
	<u>7,932,259</u>	<u>4,979,584</u>

5 Directors' emoluments

	1995 £	1994 £
For management services	<u>80,650</u>	<u>8,250</u>

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:-

	1995 Number	1994 Number
£Nil to £5,000	8	7
£5,001 to £10,000	-	1
£35,001 to £40,000	1	-

The emoluments of the highest paid director were £39,928 (£6,000). The emoluments of the chairman were £2,500. Mr B J P Healy, who resigned on 2nd March 1995, received £32,844 by way of compensation for loss of office.

6 Employee information

The average weekly number of persons (excluding executive directors) employed by the company during the period was:

	1995 Number	1994 Number
By activity		
Operational	196	126
Administration	17	12
	<u>213</u>	<u>138</u>

	1995 £	1994 £
Staff costs (for the above persons)		
Wages and salaries	2,485,713	1,745,841
Social security costs	211,979	175,057
Other pension costs	43,207	57,555
	<u>2,740,899</u>	<u>1,978,453</u>

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7 Interest payable and similar charges

	1995 £	1994 £
On bank loans, overdrafts and other loans	87,165	42,627
On finance leases and hire purchase agreements	3,622	3,622
	<u>90,787</u>	<u>46,249</u>

8 Loss on ordinary activities before taxation

	1995 £	1994 £
Loss on ordinary activities before taxation is stated for charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	45,607	33,788
Auditors' remuneration for audit services	6,000	9,928
Hire of plant and machinery - operating leases	13,861	13,861
Property rental	131,207	131,207
Loss on disposal of fixed asset	7,806	5,302
	<u>195,481</u>	<u>204,886</u>

9 Taxation on loss on ordinary activities

There is no corporation tax charge for the year due to trading losses sustained during the year (1994; £Nil).

10 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 April 1994	175,144	61,900	237,044
Additions	185,397	13,000	198,397
Disposals	(2,417)	(23,300)	(25,717)
At 31 March 1995	<u>358,124</u>	<u>51,600</u>	<u>409,724</u>
Depreciation			
At 1 April 1994	26,544	30,200	56,744
Charge for period	35,957	9,650	45,607
Disposals	(242)	(11,650)	(11,892)
At 31 March 1995	<u>62,259</u>	<u>28,200</u>	<u>90,459</u>
Net book value			
At 31 March 1995	<u>295,865</u>	<u>23,400</u>	<u>319,265</u>
Net book value			
At 1 April 1994	<u>148,600</u>	<u>31,700</u>	<u>180,300</u>

Prestwick International Airport Limited (formerly PIK Limited)

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11 Interests in group undertakings

	1995 £	1994 £
Investments at cost	260,000	-

The company has the following interests in subsidiary undertakings.

Name of undertaking	Company of Registration	Description of shares held	Proportions of normal value of issued shares %
Great Holidays Limited	Scotland	Ordinary shares of £1	100
Unique Cuisine (PIK) Limited	Scotland	Ordinary shares of £1	100

As permitted under Section 228 of the Companies Act 1985, consolidated accounts for the company and its subsidiary undertakings are not produced as the company is a wholly owned subsidiary of PIK Holdings Limited.

12 Stock

	1995 £	1994 £
Aircraft fuel	34,599	-
Goods for resale	84,836	53,385
	119,435	53,385

13 Debtors

	1995 £	1994 £
Amounts falling due within one year		
Trade debtors	1,129,721	792,190
Other debtors	83,595	57,139
Prepayments and accrued income	6,195	6,942
Unpaid share capital	2	2
Amounts owed by group companies	38,218	-
	1,257,731	856,275

Prestwick International Airport Limited (formerly PIK Limited)

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14 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank overdraft (unsecured)	-	166,030
Trade creditors	177,608	91,505
Other taxation and social security costs	53,726	52,756
Obligations under finance leases and hire purchase agreements	15,659	12,877
Other creditors	27,998	6,350
Accruals and deferred income	167,123	156,898
Amounts owed to group companies	2,533,319	1,112,972
	<u>2,975,433</u>	<u>1,599,388</u>

15 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Obligations under hire purchase agreements	<u>7,475</u>	<u>8,775</u>

16 Provisions for liabilities and charges

No deferred tax liability arises as a consequence of the losses sustained.

17 Pension obligations

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £43,207 (1994: £37,555). Contributions totalling £6,798 were payable to the fund at the year end and are included in creditors.

18 Called up share capital

	1995 £	1994 £
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and unpaid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

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19 Profit and loss account

	1995 £	1994 £
At 1 April 1994	(518,207)	(184,278)
Loss for the year	(464,942)	(333,929)
	<hr/>	<hr/>
At 31 March 1995	(983,149)	(518,207)
	<hr/>	<hr/>

20 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Loss for the year	(464,942)	(333,929)
Opening deficit on shareholders' funds	(518,205)	(184,276)
	<hr/>	<hr/>
Closing deficit on shareholders' funds	(983,147)	(518,205)
	<hr/>	<hr/>

21 Capital commitments

There were no commitments for capital expenditure outstanding at 31 March 1995.

22 Financial commitments

- (a) The company has provided guarantees to HM Customs & Excise amounting to £2,000.
- (b) The company has entered into cross company guarantees in favour of the Royal Bank of Scotland plc for £300,000 with its ultimate holding company and certain fellow subsidiaries in respect of group overdraft facilities which were unused at the year end.

23 Ultimate holding company

The directors regard PIK Holdings Limited registered in the UK as the ultimate holding company. The financial statements of that company are available from The Secretary, PIK Holdings Limited, Prestwick International Airport, KA9 2PL.