

S. MIFSUD & SONS (UK) LIMITED  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31ST OCTOBER 1999

1.

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Registered office:  
40-42 Kenway Road,  
London SW5 0RA

Registered in England and Wales  
No. 892154

## DIRECTORS' REPORT

YEAR ENDED 31ST OCTOBER 1999

The directors present their annual report and the audited financial statements for the year ended 31st October 1999.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of provision of ground handling services. The company also carried on tour operating which ceased part way through the year.

The company passed a special resolution and changed its name to S. Mifsud & Sons (UK) Limited on 25th September 1998.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and the interests of those serving at the end of the year were as follows:

	Ordinary shares of £1 each	
	<u>31.10.99</u>	<u>31.10.98</u>
Mr. N. Mifsud	-	-
Mr. E. Magri - resigned 31.01.99	-	-
Mr. A. Mifsud - appointed 06.04.99	-	-
Mr. S. Mifsud - appointed 22.02.99	-	-
Mr. S. Mifsud - appointed 22.02.99	-	-
Mr. J. Sacco - appointed 22.02.99	-	-
Mr. B. Sultana - appointed 22.02.99	-	-

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 as at the end of the financial year and of the profit or 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;
- 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 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

Daniel Auerbach & Company, Chartered Accountants, were appointed as auditors during the year and have expressed their willingness to continue as auditors.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board of directors

  
A. Mifsud  
Secretary

22nd December 1999

AUDITORS' REPORT

YEAR ENDED 31ST OCTOBER 1999

AUDITORS' REPORT TO THE MEMBERS OF S. MIFSUD & SONS (UK) LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st October 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

9 Mansfield Street,  
London W1M 9FH

22nd December 1999



Daniel Auerbach & Company

Chartered Accountants and Registered Auditors

## S. MIFSUD &amp; SONS (UK) LIMITED

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## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST OCTOBER 1999

	<u>Note</u>	<u>1999</u>	<u>1998</u>
Turnover - continuing operations	2	941300	1688272
Cost of sales		( 753306)	(1404776)
Gross profit		187994	283496
Administrative expenses		( 156336)	( 159444)
Operating profit - continuing operations	3	31658	124052
Other interest receivable and similar income		3698	4865
Other interest payable and similar charges		( 4646)	-
Profit on ordinary activities before taxation		30710	128917
Tax on profit on ordinary activities	4	( 9308)	( 40917)
Profit for the financial year		21402	88000
Balance brought forward		<u>103747</u>	<u>15747</u>
Balance carried forward		£ 125149	£ 103747
		=====	=====

All recognised gains and losses in both the current and previous year have been included in the profit and loss account.

A separate statement of movements in shareholders' funds is not provided as there have been no movements in shareholders' funds for the current and previous year, other than the recognised gains and losses above.

The notes on pages 6 to 8 form part of these financial statements

## BALANCE SHEET

AS AT 31ST OCTOBER 1999

	<u>Note</u>	<u>1999</u>	<u>1998</u>
<u>FIXED ASSETS</u>			
Tangible assets	5	81264	90664
<u>CURRENT ASSETS</u>			
Trade and other debtors	6	455147	82552
Cash in hand and at bank		<u>43831</u>	<u>269695</u>
		498978	352247
		=====	=====
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
Trade and other creditors	7	325093	209164
		=====	=====
<u>NET CURRENT ASSETS</u>		<u>173885</u>	<u>143083</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		255149	233747
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>			
	8	<u>30000</u>	<u>30000</u>
		£ 225149	£ 203747
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	9	100000	100000
Profit and loss account		<u>125149</u>	<u>103747</u>
<u>SHAREHOLDERS' FUNDS</u>		£ 225149	£ 203747
		=====	=====

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

Approved by the Board of Directors on 22nd  
December 1999 and signed on its behalf by:

N. Mifsud, director

The notes on pages 6 to 8 form part of these financial statements

S. MIFSUD & SONS (UK) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST OCTOBER 1999

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1. ACCOUNTING POLICIES

a) Accounting convention:

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

b) Cash flow:

The financial statements do not include a cash flow statement as the company, being a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

c) Tangible fixed assets:

Depreciation is provided on a straight line basis to write off the cost less residual value of each asset over its expected useful life, as follows:

Freehold building	-	2%
Furniture, fixtures and equipment	-	15%
Motor vehicles	-	20%

d) Deferred taxation:

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

e) Foreign currencies:

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currency are recorded at the average monthly rates.

2. TURNOVER

Turnover comprises of invoiced value of ground handling operations and of net commissions from sale of ferry tickets, all exclusive of value added tax.

3. OPERATING PROFIT

	<u>1999</u>	<u>1998</u>
Operating profit is stated after charging/(crediting):		
Directors' remuneration	-	-
Depreciation	10279	10651
Audit fees	3000	3000
Difference on exchange	( 72)	( 38)
	=====	=====

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK corporation tax at 25.94% (1998 - 31.00%)	£ 9308	£ 40917
	=====	=====

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S. MIFSUD & SONS (UK) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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5. <u>TANGIBLE FIXED ASSETS</u>	Freehold land & Building	Furniture Fixtures & Equipment	Motor vehicles	Total
Cost:				
At 1st November 1998	78217	91354	22860	192431
Additions	-	879	-	879
At 31st October 1999	78217	92233	22860	£ 193310
	=====	=====	=====	=====
Depreciation:				
At 1st November 1998	17937	70114	13716	101767
Charge for the year	782	4925	4572	10279
At 31st October 1999	18719	75039	18288	£ 112046
	=====	=====	=====	=====
Net book value:				
At 31st October 1999	59498	17194	4572	£ 81264
	=====	=====	=====	=====
At 31st October 1998	60280	21240	9144	£ 90664
	=====	=====	=====	=====
6. <u>TRADE AND OTHER DEBTORS</u>			1999	1998
Trade debtors			440406	78425
Other debtors and prepayments			10099	4127
Corporation tax repayable			4642	-
			£ 455147	£ 82552
			=====	=====
7. <u>TRADE AND OTHER CREDITORS</u>				
Trade creditors			7899	28217
Other creditors and accruals			17194	8020
Amounts due to fellow subsidiary undertaking			100000	-
Bank loan			200000	-
Bank overdraft			-	150000
Corporation tax			-	22927
			£ 325093	£ 209164
			=====	=====
8. <u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>				
Other creditor - subordinated loan			£ 30000	£ 30000
			=====	=====

The loan is from a related company. It is unsecured and interest free and is subordinated in favour of all creditors of the company.

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S. MIFSUD & SONS (UK) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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9. <u>CALLED UP SHARE CAPITAL</u>	<u>1999</u>	<u>1998</u>
Authorised, 100000 ordinary shares of £1 each	£ 100000 =====	£ 100000 =====
Allotted, called up and fully paid 100000 ordinary shares of £1 each	£ 100000 =====	£ 100000 =====

10. ULTIMATE HOLDING COMPANY AND RELATED PARTIES

The company's ultimate holding company is Silmar Limited, registered in Malta.

11. RELATED PARTY TRANSACTIONS

The cost of sales in the profit and loss account includes purchases, at arms length, from fellow subsidiary, S. Mifsud and Sons Limited, amounting to £19153 for client hotel accommodation.

In addition, the company paid S. Mifsud & Sons Limited management charges amounting to £25000 for the year.