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July 1967

CENTRE FOR ARAB GULF STUDIES  
UNIVERSITY OF EXETER



***Aden Airways***

**A RECORD OF ACHIEVEMENT**



*Aden Airways booking office—Crater, Aden.*

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CENTRE FOR ARAB GULF STUDIES  
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### INTRODUCTION

Aden Airways, a wholly owned subsidiary of B.O.A.C., has for the past 14 years provided essential air services in an area of considerable political importance, where ground transport facilities are largely non-existent.

I hope you will be interested in this short report on the Company's work in the past financial year and its progress over the last decade.

I submit it to you as the record of a successful enterprise carried on under conditions which are probably as demanding in their own way as those facing any airline operator anywhere in the world.

J. W. BOOTH,  
*Chairman.*

Aden Airways Ltd.,  
Khormaksar,  
Aden.

July, 1964

## DIRECTORS

CHAIRMAN:	John W. Booth	<i>Chairman</i>
DIRECTORS:	S. H. A. Al-Jifri	S. H. A. Al-Jifri
	S. A. Al-Kaff	S. A. Al-Kaff
	I. F. Baillie, O.B.E.	I. F. Baillie, O.B.E.
	Sir Duncan Cumming, K.B.E., C.B.	Sir Duncan Cumming, K.B.E., C.B.
	A. P. Fleming	A. P. Fleming
	Captain J. R. Johnson	Captain J. R. Johnson
GENERAL MANAGER:	D. F. Classey	
SECRETARY & CHIEF ACCOUNTANT:	G. Morello	
ADVISORS:	Whinney, Murray & Company	

## CHIEF OFFICERS OF THE COMPANY

GENERAL MANAGER:	D. F. Classey
COMMERCIAL MANAGER:	H. L. Sikka
SECRETARY & CHIEF ACCOUNTANT:	G. Morello
OPERATIONS MANAGER:	Captain V. H. Spencer
CHIEF ENGINEER:	P. W. D. Vine
TRAFFIC MANAGER:	A. G. Eager
SALES DEVELOPMENT MANAGER:	M. A. Kassim
STATION MANAGER:	Abdul Rahim Kassim
STAFF & ADMINISTRATION MANAGER:	J. C. Deacock
REPRESENTATIVE EAST AFRICA & SOMALI REPUBLIC:	C. C. Moretti
REPRESENTATIVE U.A.R. & SUDAN:	A. R. Baig

## SUMMARY OF RESULTS

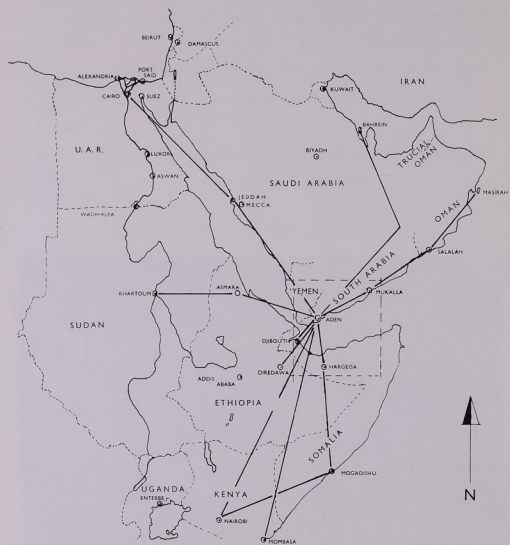
For the year ended 31st March, 1964

	£
Revenue on Operating Account ... ..	2,045,208
Expenditure on Operating Account ... ..	1,948,346
Surplus on Operations ... ..	96,862
Surplus on retirement of assets and arising in respect of previous years ... ..	35,418
Provision for Income Tax no longer required ... ..	16,184
	<hr/>
	148,464
Less Directors' Fees and Debenture issue expenses ... ..	2,236
	<hr/>
PROFIT FOR YEAR ... ..	146,228

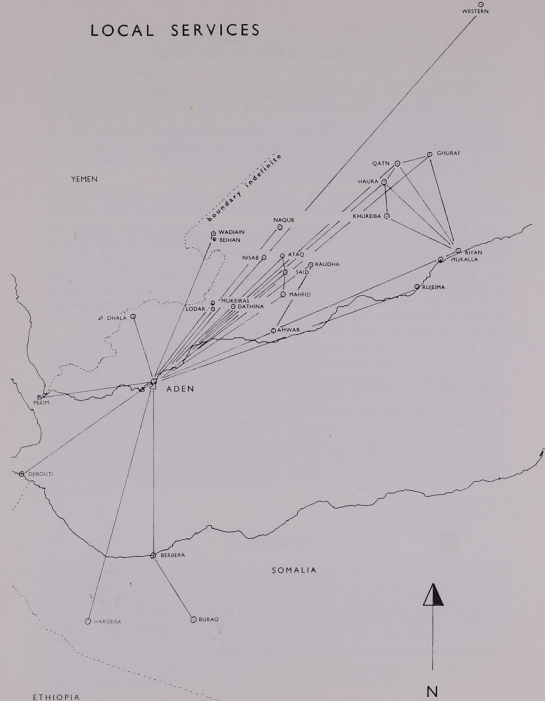


Mukalla in the Eastern Protectorate—served through Riyan Airport.

## REGIONAL & INTERNATIONAL SERVICES



## LOCAL SERVICES



## FINANCIAL SURVEY OF THE YEAR

The Company's results for the year ended 31st March, 1964, were the best in its history. The accumulated losses to 31st March, 1963, amounting to £69,894 having been turned into an accumulated surplus of £76,334 at 31st March, 1964, of which £50,000 has been transferred to General Reserve and the balance of £26,334 carried forward. The previous best results were for the year ended 31st March, 1960, and the year ended 31st March, 1956, when the profits were respectively £58,790 and £53,871.

The results were assisted by "special" items totalling £51,602, but the profit on its normal operations was £94,626—an extremely creditable figure.

The over-provision for Income Tax at 31st March, 1963, reflects the granting, for the first time, of capital allowances in respect of aircraft and engine spares.

Revenue increased by £218,000 over the previous year—an improvement of 12%. This followed an increase of 10.9% during 1962/63 as compared with 1961/62. All categories of traffic revenue contributed to the increase. Operating expenditure increased by only £135,000, equivalent to 7.4%, the increase the previous year having been 6.5%.

In arriving at the surplus for the year on Operating Account, it should be noted that an administration fee of £25,000 was paid by the Company to BOAC, AC and it should be further noted that interest on loans and debentures amounting to £18,186 was waived by BOAC, AC.

The year started with the Company owning a fleet of three Argonauts and six Dakotas. During the year the Argonaut fleet was withdrawn from service and two Viscounts 760 Series were hired from BOAC AC to replace the Argonauts. It will be appreciated that this change involved the Company in considerable non-recurring expenditure and this special expenditure was charged to Operating Account against the current year's profits.

### COMMERCIAL

The overall growth in traffic is encouraging and has been achieved despite the handicap of operating Argonaut and Viscount aircraft on the international routes in competition with modern jet aircraft. The Company was successful in renewing its Services leave charter contract to East Africa and continued to provide contract services for the Pan American Hadhramaut Oil Company on an increasing scale for charter flights to the fringe of the Rub Al Khali where intensive oil exploration is now taking place.

In the year ended 31st March, 1963, a pooling agreement had been negotiated between Aden Airways, Ethiopian Airlines and Sudan Airways on the Aden/Asmara/Khartoum route from which the Company reaped commercial advantage in the year under review. In March, 1964, a pooling agreement was concluded between Aden Airways, Air India International and East African Airways on the Aden/Nairobi route; thus broadening the scope of the original pool between Aden Airways and East African Airways.

On the commercial side the Company continued to handle the services of BOAC and a large number of B.U.A. and British Eagle flights on tripping contracts between U.K. and Middle East Command.

### OPERATIONS

In order to meet the operational requirements for the Viscounts and to provide for crew training during peak periods of the year, the Operations department was modernised to provide a Control Centre which is functional on a 24-hour basis; in addition providing ground-to-air communication and navigational aids so essential in an area where normal system of communication and navigation are so inadequate.

### ENGINEERING

In view of the limited engineering facilities available at Khormaksar, arrangements were made for the major maintenance of Viscounts by Central African Airways in Salisbury, Southern Rhodesia, and for the charter of a Viscount from this company when our Viscounts were under maintenance.

Because of the inherent climatic conditions in Aden the Company does not intend to seek A.R.B. approval for the engineering base, but as a measure of economy A.R.B. approval has been obtained for the radio shop and will be applied for in the instrument shop.

### TRAINING

For some years the Company has adopted the policy of training local staff to qualify them for higher posts in the organisation, and during the year a new Engineering Apprentices Training School under an expatriate instructor was opened, while the training programmes and promotion of Adenis on the Commercial and Traffic side to executive positions within the Company continued.

The Company also took the first step towards the introduction of a flying training scheme by offering scholarships in the U.K. for two local applicants. A Selection Board is now considering the qualifications of a number of applicants.

## OPERATING ACCOUNT

For the year ended 31st March, 1964

EXPENDITURE	£	REVENUE	£
Aircraft Standing Charges ...	146,412	Passenger ...	993,834
Engineering ...	387,320	Excess Baggage ...	60,120
Flying Operations ...	748,128	Mail ...	90,626
Passenger Service ...	97,379	Diplomatic Bags ...	1,604
Station and Traffic Costs ...	136,270	Freight ...	344,090
Commissions ...	84,799		1,490,274
Commercial and Advertising ...	69,820	Charters ...	480,412
Administration ...	253,218	Incidental Revenue ...	74,522
Contribution to Holding Company for Administration Costs ...	25,000		
	1,948,346		
Surplus on Operations ...	96,862		
	<u>2,045,208</u>		<u>2,045,208</u>

## PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 1964

	£		£
Directors' Fees ...	2,200	Surplus on Operations ...	96,862
Debiture Issue Expenses ...	36	Surplus on retirement of Assets ...	20,855
NET PROFIT ...	146,228	Provision for Income Tax no longer required ...	16,184
		Surplus in respect of previous years' transactions ...	14,563
	<u>148,464</u>		<u>148,464</u>
			£
		NET PROFIT as above ...	146,228
		Less balance brought forward from previous years ...	69,894
			76,334
		Less Transfer to General Reserve ...	50,000
		SURPLUS CARRIED FORWARD ...	<u>26,334</u>

## BALANCE SHEET

as at 31st March, 1964

Liabilities	£	Assets	£
Authorised Capital ...	225,000	FIXED	
Issued and subscribed Capital ...	85,770	Fleet ...	114,957
4½% Debiture Stock (Secured) ...	273,570	Land and Premises ...	334,185
BOAC AC Loans ...	137,500	Operating Ground Equipment ...	41,054
	496,840	Office and Commercial Equipment	51,064
GENERAL RESERVE ...	50,000		
Surplus per Profit and Loss A/C	26,334		
	573,174		541,260
Current Liabilities and Provisions	662,524	Current Assets ...	691,852
		Debiture issue expenses carried forward ...	2,586
			<u>1,235,698</u>
	<u>1,235,698</u>		



An Adenair up-country office



*Cargo disembarking at Muketras*



*Shibam in the Eastern Protectorate, served through Ghuraf Airport.*

## A DECADE OF ACHIEVEMENT

1st APRIL, 1954, TO 31st MARCH, 1964

In March, 1954, the Parent Company wrote off accumulated losses of about £136,000 and the Company thus started the period under review with a clean slate.

As will be seen from the accounts on the 31st March, 1964, there was by then a revenue surplus of £76,334 and in addition in the ten years the company has paid to the proprietors interest and administration fees totalling £188,066 giving them an income of £264,000 on an average capital of £442,000, a return on the capital invested of 6% per annum. This was after payment by the Company of Aden income tax.

The first five years was a period of difficulty caused by political turmoil in the Middle East. The revenue graph on page 12 illustrates this by the almost static revenue earned. In these five years, however, as will be seen from the graph on page 13 the number of passengers carried continued to grow but this growth was in short haul traffic, within what were then the two protectorates, showing that the company was continuing to improve the service it rendered to the public of these areas.

From 1959/60 onwards business steadily improved and in 1963/64 for the first time the Company's revenue exceeded £2,000,000, more than three times what it had been ten years previously. In these ten years the annual mileage flown and the capacity ton miles produced quadrupled (see graph on page 14).

This enlargement of the services offered to the public was achieved with only a very minor increase in fares and rates, during a period of inflation and rising prices, through improved operational and engineering techniques and more efficient administration. This is well indicated by the figures for operating costs of DC3 aircraft which at the beginning of the period amounted to £90 an hour but which currently only amount to £75 an hour.

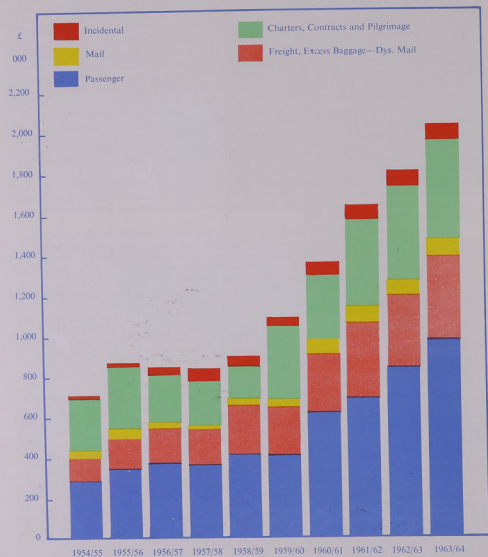
A common yardstick of efficiency used by airlines is the output in capacity ton miles produced per employee, but it must be realised that the biggest factor in achieving improvements in this statistic is the introduction of aircraft of greatly increased efficiency. Aden Airways has not enjoyed this advantage. In fact due to the introduction of W.A.T. (Weight, Altitude, Temperature) limitations on the DC3, the productive capacity of this aircraft has actually been reduced. Similarly with the introduction of more complicated, but smaller, Viscounts to replace the Argonauts, the productivity per aircraft was in fact again reduced. Despite these reductions in C.T.M.s produced per aircraft the revenue earned per employee per annum has continued to improve (see graph page 15).

The DC3 fleet now average 5½ hours utilisation per day per aircraft on a network of local services where conditions only permit daylight operations, and the longest sectors involve only two hours flying, and the shortest 15 minutes. This utilisation is probably as high as that achieved by any DC3 scheduled operator under similar conditions.

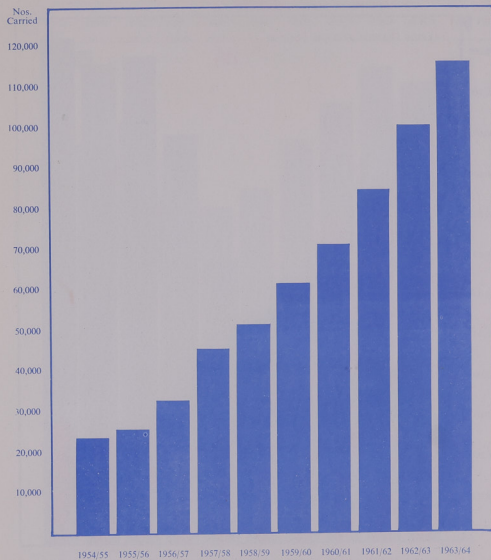
The two Viscounts aircraft in the Company's service are operated on the regional routes (see route map on page 4) and since their introduction in October, 1963, utilisation has risen to seven hours per day per aircraft and the Company is still seeking to improve on this figure.

The Company is particularly proud of its record of DC3 operations which provide a comprehensive network of cheap air services throughout the Amirates of the South Arabian Federation and the Eastern Aden Protectorate. In these areas ground transportation is rudimentary and the landing strips are nothing more than 1,000 yards of desert cleared of scrub and rocks. In 1961 the Company was awarded the Cumberbatch Trophy in recognition of its record of 11 years of accident-free flying under conditions of exceptional operational difficulty.

## REVENUE RECORD FOR THE PAST 10 YEARS

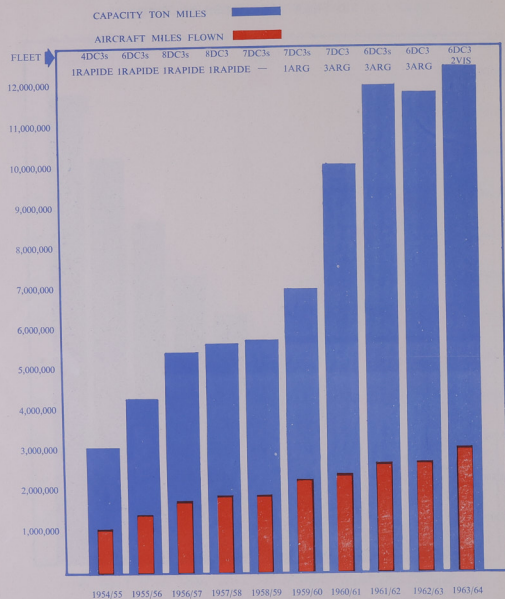


## 10 YEAR PASSENGER RECORD

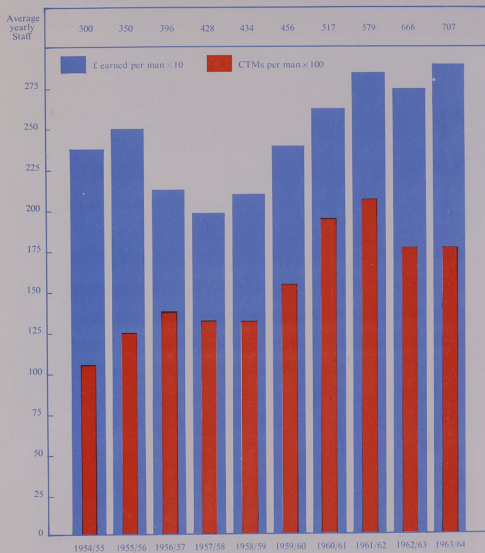




### PRODUCTIVITY RECORD OVER 10 YEARS



### 10 YEARS RECORD OF OUTPUT



## THE FUTURE

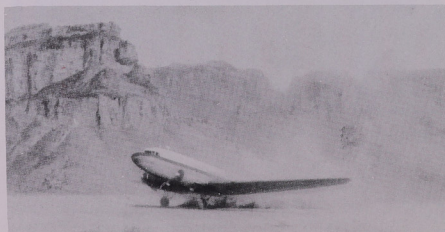
The Company is now poised to meet the challenge of the future which is to provide still better services to the community at the lowest fares and rates compatible with the maintenance of its operational standards and a fair return on the capital invested in the business. It is the view of the Company that the present pattern of regional and domestic routes is the most effective one to achieve this end. It is not the intention of the Company to indulge in any large scale extension of its international routes but rather to improve the quality of its services in the areas presently served. On the international routes this can best be achieved by co-ordinating its services with those of the other international airlines with whom it is in competition. Reference has already been made to the Pooling arrangements which have been negotiated on the routes between Aden/Khartoum and Aden/Nairobi and it is the Company's hope that it will be possible to make arrangements of a similar nature in other areas.

On the local routes better and more economical services can only be provided when a quite limited number of the airstrips are modernised to permit their use by newer aircraft. With the present facilities available the Company is limited to the operation of DC3 aircraft which are too small for the growing traffic and which are already payload limited on many routes by the W.A.T. restrictions now in force. Should further restrictions be applied, as well they may, the operation of DC3 aircraft to certain destinations would become impossible. Particularly this would apply to Mukeris, in the South Arabian Federation, which is presently served by 20 flights a week. If this service had to be withdrawn it would impose great hardship not only on the local farmers who would be unable to ship their produce to Aden—now over a ton of vegetables is shipped daily to Aden by air—but Aden would be deprived of this valuable local produce.

It is a source of great anxiety to the Company that money is apparently not available for runway improvements, the necessity for which can clearly be seen in the illustration on this page showing a DC3 taking off from Ghurf in the Eastern Protectorate. It is perhaps pertinent to point out that in the newly independent Somalia Republic funds have been made available to concrete the relatively unimportant airfield at Hargeisa (population 280,000) while in the Eastern Aden Protectorate with a population of 318,000 the key airport Riyan is only suitable for DC3 operations.

Without doubt, the economic future of the Company is dependent on the development of better air strips in the South Arabian Federation and the Eastern Aden Protectorate. It is equally true that the essential further development, and political stability, of these areas is dependent on better communications, which can most efficiently be provided by improved air communications.

Finally attention must be drawn to the heavy capital expenditure to which the Company and B.O.A.C. have been put in the past to organise and maintain Aden Airways' services to the community. Even though a very modest profit has been earned in recent years, the return on this capital has been so small that it could not have attracted the private investor, and with the necessity to modernise the fleet in the course of the next few years much new capital will have to be provided. It will require continuing first class management and full co-operation from all concerned if the Company is to be in a position to continue to provide the services the country needs, without becoming a charge on public funds.



An International Aden Airways Viscount Service arriving at Aden.