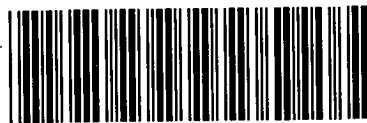


Hays Travel Limited

Report and Group Financial Statements

31 October 2013

TUESDAY



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22/07/2014

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COMPANIES HOUSE

Directors

Mr J Hays
Mrs J Schumm
Mrs A Kendal
Ms M Fernandez Varona
Mrs I Hays (Non-executive)

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Barclays Bank PLC
53 Fawcett Street
Sunderland
Tyne and Wear
SR1 1SD

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Registered Office

25 Vine Place
Sunderland
Tyne and Wear
SR1 3NA

Chairman's Report

I am pleased to present the report and financial statements for Hays Travel Limited ('the Company') and its subsidiary undertakings, together known as the Hays Group of Companies ('the Group'), for the year ended 31 October 2013.

The year reflects a period of considerable operational change within the Group in order to position itself within a recovering market as economic indicators recover strongly. Significant development in product, marketing and technology for our new Tour Operating business, which trades as Hays Faraway, Hays Cruise and Hays Travel Tour Operating, was undertaken during the year. The new Tour Operating product is trading well ahead of budgeted projections and is now the 4th largest Tour Operator supplier, behind TUI, Thomas Cook and Jet2Holidays, to our retail division.

Very positively we ended the financial year with £16.1m of commissions earned for bookings departing in 2014, against £8.4m at the previous year end, which will be brought into profit in 2014.

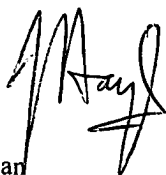
The Board has confidence in the market opportunity of its core businesses and is supported by the significant growth from the Group's tour operating business in 2013. The wider market opportunities are also addressed by the Group's acquisition of R E Bath Travel Services Limited ('Bath Travel'), a retail travel agency business based in the South of England, for £7.6m on 7 October 2013. Due to the short time period between the acquisition date and the Group's financial year end, the financial results from Bath Travel are not sufficiently material to impact the Group financial results for this year, but the acquired business is expected to make a significant contribution in 2014.

The Group's volume of business grew, as represented by the gross value of sales increasing by 6% to £557.7m (2012 - £526.8m), and 22% up in our turnover to £172.7m (2012 - £141.6m) and profit before tax was £0.9m (2012 - £2.2m). Net cash decreased by £5.5m (2012 - increase of £4.9m) primarily as a result of the £7.6m cash consideration for Bath Travel acquisition and a further £0.8m on capital expenditure. Prospects for the forthcoming year are encouraging with a strong performance in the first four months from the Group's core businesses and Bath Travel, which augurs well for the financial year ending 31 October 2014.

The Group continues to support local communities where it has retail shops. This alongside our successful apprenticeship programme, is part of our commitment to contributing socially as well as economically to the towns and cities where we operate.

I am confident that even in the current economic environment, the strong governance provided by the Board, the quality, culture and commitment of our staff and the strength of the brand will enable us to continue to provide a valued, relevant service to our customers whilst creating profit.

J Hays
Chairman



27 March 2014

Strategic Report

Principal activity and review of the business

The Group's principal activity during the year continued to be that of a travel agent, operating 43 retail outlets and 3 call centres in the North of England plus an additional 58 retail outlets and 2 call centres in the South West of England following the acquisition of Bath Travel. In addition, the Group operates the Independence Group (IG). The IG consists of independent travel agents throughout the UK who operate under licence. The IG operates across 224 branches.

R E Bath Travel Services Limited was acquired by the Company on 7 October 2013, and their results are included within these Group financial statements, however, with only 24 days of post-acquisition trading there has been no material impact on the Group profit and loss account. The Directors feel this acquisition represents an excellent fit, both in terms of geographical and market presence, and provides strategic opportunities for the enlarged business, with many potential cost synergies. With improved market conditions in a recovering economic climate, the Directors remain confident that trading prospects moving forward are positive and the business is well placed for the future.

The Group's key financial and other performance indicators during the year were as follows:

| | 2013 | 2012 |
|--|-------------|-------------|
| | £ | £ |
| Gross value of sales | 557,728,524 | 526,753,711 |
| Turnover | 172,684,330 | 141,613,900 |
| Profit after tax | 672,131 | 1,653,995 |
| Shareholders' funds | 11,672,889 | 11,004,225 |
| Current assets as % of current liabilities | 100% | 119% |
| Average number of employees | 607 | 573 |

As at 31 October 2013 there were commissions totalling £16,140,609 (2012 – £8,366,216) which related to holidays booked in the year but, in line with the Group accounting policy, the commissions have not yet been brought into the Group profit and loss account. Bath Travel bookings contribute £2,774,986 of this commission.

Principal risks and uncertainties

The Board meets regularly and evaluates the Group's risk position. The principal risks and uncertainties facing the Group are detailed below.

The Group's principal financial investments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the Group's operating activities.

The main risks associated with the Group's financial assets and liabilities are set out below.

Interest rate risk

The Group invests surplus cash in a floating rate interest yielding bank deposit account. The Group's interest income is therefore affected by movements in interest rates.

Credit risk

The Group has external debtors; however, the Group undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default. During the year the company released a £500,000 provision following significant advances in the process of customer debt recovery.

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generated by its operations.

Foreign currency risk

The Group reviews its foreign currency exposure on an ongoing basis. Foreign currency purchases are made the following day after sale in order to eliminate foreign currency exposure.

Strategic Report

Market demand

Demand for holidays is vulnerable to general economic conditions. The Board seeks to manage capacity and the cost base to suit the prevailing market demand and identify new efficient routes to market to grow market share and maintain margins.

Regulation changes and competition

The sale of travel and holiday arrangements is a competitive and highly regulated industry. The Group seeks to manage the associated risks by constantly monitoring changes and adapting its business model and terms of trade as necessary.

Other general factors

The Group is also exposed to other factors common to the majority of businesses such as the need to recruit and retain suitable staff, an increasing reliance on computer systems and technology, and the protection of the reputation and good name of the business. Significant adverse experience or events in relation to any of these factors could impact upon the Group's trading performance and financial position.

On behalf of the Board



J Hays
Director

27 March 2014

Directors' Report

The Directors present their report and Group financial statements for the year ended 31 October 2013.

Results and dividends

The Group profit for the year, after taxation, amounted to £672,131 (2012 – £1,653,995). No dividends were paid during the year (2012 – £50,000).

Going concern

The Directors have considered the Group's current and future prospects and its availability of financing, and are satisfied that the Group can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis of preparation for these financial statements.

Directors

The Directors who served the Company during the year and those appointed subsequently were as follows:

Mr J Hays

Mrs J Schumm

Mrs I Hays

Mr S Walton – appointed 3 December 2012, resigned 9 January 2014

Mrs S Dixon – resigned 7 June 2013

Mrs A Kendal – appointed 1 November 2013

Ms M Fernández Varona – appointed 1 March 2014

Mrs I Hays and Mr S Walton served as non-executive Directors.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

Employee involvement

During the year, the policy of providing employees with information about the Group has been continued. Regular meetings are held to allow a free flow of information and ideas.

Disclosure of information to the auditors


So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board


J Hays
Director

27 March 2014

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

The Directors are responsible for keeping proper accounting records which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Hays Travel Limited

We have audited the financial statements of Hays Travel Limited for the year ended 31 October 2013 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Cash Flows and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Group Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 October 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

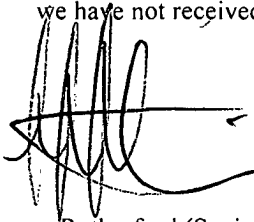
Independent auditor's report

to the members of Hays Travel Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Darren Rutherford (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

27 March 2014

Group profit and loss account

for the year ended 31 October 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|---------------|---------------|
| Gross value of sales | 2 | 557,728,524 | 526,753,711 |
| Turnover | 2 | 172,684,330 | 141,613,900 |
| Operating expenses | 3 | (173,026,055) | (140,627,244) |
| Exceptional income | 16 | 500,000 | - |
| Other operating income | | 13,435 | - |
| Operating profit | 4 | 171,710 | 986,656 |
| Bank interest receivable | | 756,510 | 1,196,232 |
| Profit on ordinary activities before taxation | | 928,220 | 2,182,888 |
| Tax on profit on ordinary activities | 7 | (256,089) | (528,893) |
| Profit for the financial year | 18 | 672,131 | 1,653,995 |

All operations are continuing.

Group statement of total recognised gains and losses

for the year ended 31 October 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|-----------|-----------|
| Profit for the financial year | 18 | 672,131 | 1,653,995 |
| Actuarial gain related to pension scheme | 22 | 193,000 | - |
| Surplus cap applied to pension scheme asset | 22 | (193,000) | - |
| Total recognised gains relating to the year | | 672,131 | 1,653,995 |

Group balance sheet

at 31 October 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|-------------------|-------------------|
| Fixed assets | | | |
| Intangible assets | 9 | (425,926) | - |
| Tangible assets | 10 | 12,301,767 | 2,252,843 |
| | | <u>11,875,841</u> | <u>2,252,843</u> |
| Current assets | | | |
| Assets held for resale | | 1,005,000 | - |
| Stocks | 12 | 18,100 | 17,929 |
| Debtors | 13 | 24,325,521 | 10,851,796 |
| Cash at bank and in hand | 20(c) | 41,136,384 | 46,591,584 |
| | | <u>66,485,005</u> | <u>57,461,309</u> |
| Creditors: amounts falling due within one year | 14 | (66,603,396) | (48,209,927) |
| Net current (liabilities)/assets | | <u>(118,391)</u> | <u>9,251,382</u> |
| Total assets less current liabilities | | <u>11,757,450</u> | <u>11,504,225</u> |
| Provision for liabilities and charges | | | |
| Deferred taxation | 15 | (31,094) | - |
| Other provisions | 16 | (50,000) | (500,000) |
| Net assets | | <u>11,676,356</u> | <u>11,004,225</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 100,000 | 100,000 |
| Capital redemption reserve | 18 | 32,500 | 32,500 |
| Profit and loss account | 18 | 11,543,856 | 10,871,725 |
| Total equity shareholders' funds | 18 | <u>11,676,356</u> | <u>11,004,225</u> |

The financial statements were approved by the Board of Directors on 27 March 2014 and signed on their behalf by:

J Hays
Director



Company balance sheet

at 31 October 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 2,300,192 | 2,193,977 |
| Investments | 11 | 7,593,773 | 2,400 |
| | | <u>9,893,965</u> | <u>2,196,377</u> |
| Current assets | | | |
| Stocks | 12 | 18,100 | 17,929 |
| Debtors | 13 | 9,184,522 | 5,667,043 |
| Cash at bank and in hand | | 27,027,846 | 40,388,049 |
| | | <u>36,230,468</u> | <u>46,073,021</u> |
| Creditors: amounts falling due within one year | 14 | (34,562,603) | (39,419,175) |
| Net current assets | | <u>1,667,865</u> | <u>6,653,846</u> |
| Total assets less current liabilities | | <u>11,561,830</u> | <u>8,850,223</u> |
| Provisions for liabilities and charges | | | |
| Other provisions | 16 | - | (500,000) |
| Net assets | | <u>11,561,830</u> | <u>8,350,223</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 100,000 | 100,000 |
| Capital redemption reserve | 18 | 32,500 | 32,500 |
| Profit and loss account | 18 | 11,429,330 | 8,217,723 |
| Total equity shareholders' funds | 18 | <u>11,561,830</u> | <u>8,350,223</u> |

The financial statements were approved by the Board of Directors on 27 March 2014 and signed on their behalf by:

J Hays
Director



Group statement of cash flows

for the year ended 31 October 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|-------------|-----------|
| Net cash (outflow)/inflow from operating activities | 20(a) | (560,515) | 4,543,100 |
| Returns on investment and servicing of finance | 20(b) | 756,510 | 1,196,232 |
| Taxation | 20(b) | (488,755) | (424,612) |
| Capital expenditure and financial investment | 20(b) | (5,162,440) | (405,023) |
| Equity dividends paid | 18 | - | (50,000) |
| (Decrease)/increase in cash | 20(c) | (5,455,200) | 4,859,697 |

Reconciliation of net cash flow to movement in net funds

for the year ended 31 October 2013

| | Notes | 2013 £ | 2012 £ |
|------------------------------------|-------|-------------|------------|
| (Decrease)/increase in cash | 20(c) | (5,455,200) | 4,859,697 |
| Net funds at 1 November | 20(c) | 46,591,584 | 41,731,887 |
| Net funds at 31 October | 20(c) | 41,136,384 | 46,591,584 |

Notes to the financial statements

at 31 October 2013

1. Accounting policies

Accounting convention

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

Group financial statements

The Group financial statements consolidate the financial statements of Hays Travel Limited and all of its subsidiary undertakings drawn up to 31 October 2013. No profit and loss account is presented for Hays Travel Limited as permitted by Section 408 of the Companies Act 2006.

Goodwill

Goodwill, being the excess of acquisition consideration over the fair value of assets and liabilities acquired, is capitalised on the balance sheet. This is amortised through the profit and loss account over its useful economic life.

Negative goodwill arises when the fair value of assets and liabilities acquired exceeds the acquisition consideration paid. This is recognised as income over its useful economic life.

Investments

Investments are stated at cost less provision for diminution in value.

Tangible fixed assets

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

| | | |
|---|---|--|
| Freehold buildings | – | over 25 years |
| Leasehold buildings improvements | – | over the shorter of the lease term and 5 years |
| Computer equipment | – | over 5 years |
| Fixtures, fittings and office equipment | – | over 5 years |
| Motor vehicles | – | over 3 years |
| Freehold property improvements | – | over 5 years |

The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

The depreciation rates applied to assets in R E Bath Travel Services Limited differ to those stated above, however, due to the short period of post-acquisition trading this has had no material impact in the Group financial statements.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the exception of deferred tax assets. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 October 2013

1. Accounting policies (continued)

Deferred taxation (continued)

Deferred tax is measured on an basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are 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. In line with industry practice, foreign currencies held by the Group are included as cash.

Leases

Assets held under finance leases are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful economic lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding. Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

Assets owned by the Company which are sub-let to other parties under operating leases, where the Company is the lessor, are included in fixed assets at cost or valuation and are depreciated over their estimated useful economic lives. Rental income from operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease.

Pensions

For defined contribution pension schemes operated by the Company, the amounts charged to the profit and loss account are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown in the balance sheet as either accruals or prepayments. The defined benefit pension scheme is funded, with the assets of the scheme held separately from those of the Company in separate trustee administered funds. Pension scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method, in accordance with FRS17, and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately on the face of the balance sheet after other net assets.

2. Turnover

Gross value of sales represents the total amount receivable by the Company from the sale of holidays, foreign exchange and other services supplied.

Turnover represents (a) commission earned as a travel agent (all of which is stated net of value added tax), (b) the gross value of sales earned as a tour operator through Hays Tour Operating Limited and (c) the sale of foreign currency (which is exempt from value added tax), all of which arises from continuing operations. Commission earned on the sale of holidays, insurance and foreign currency is credited to the profit and loss account in line with receipt of full payment from the customer. Override commission is credited on an accruals basis. All turnover arises wholly within the UK.

Turnover is stated gross of the value of discretionary discounts given to customers. These discounts are shown as a cost of sale.

Notes to the financial statements

at 31 October 2013

3. Operating expenses

| | 2013 | 2012 |
|-------------------------|--------------------|--------------------|
| | £ | £ |
| Cost of sales | 155,049,719 | 124,661,528 |
| Distribution costs | 2,224,510 | 2,206,574 |
| Administrative expenses | 15,751,826 | 13,759,142 |
| | <u>173,026,055</u> | <u>140,627,244</u> |

4. Operating profit

This is stated after charging/(crediting):

| | 2013 | 2012 |
|--|---------|----------|
| | £ | £ |
| Auditors' remuneration – audit services | 63,970 | 48,550 |
| Depreciation of owned fixed assets | 621,290 | 629,972 |
| Operating lease rentals – land and buildings | 795,848 | 751,578 |
| Profit on disposal of fixed assets | (4,612) | (10,177) |
| | <u></u> | <u></u> |

5. Directors' emoluments

| | 2013 | 2012 |
|--|---------|---------|
| | £ | £ |
| Emoluments | 534,131 | 461,046 |
| | <u></u> | <u></u> |
| Company contributions paid to money purchase schemes | 4,330 | 10,400 |
| | <u></u> | <u></u> |
| | No. | No. |
| Members of money purchase pension schemes | - | 1 |
| | <u></u> | <u></u> |

The amount in respect of the highest paid Director is as follows:

| | 2013 | 2012 |
|--|---------|---------|
| | £ | £ |
| Emoluments | 130,000 | 120,000 |
| | <u></u> | <u></u> |
| Company contributions paid to money purchase pension schemes | - | - |
| | <u></u> | <u></u> |

Notes to the financial statements

at 31 October 2013

6. Staff costs

| | 2013 £ | 2012 £ |
|-----------------------|-------------------|------------------|
| Wages and salaries | 10,229,635 | 9,208,191 |
| Social security costs | 736,866 | 664,939 |
| Other pension costs | 9,143 | 11,200 |
| | <u>10,975,644</u> | <u>9,884,330</u> |

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

| | 2013 No. | 2012 No. |
|--------------------------|-------------|-------------|
| Sales and administration | <u>607</u> | <u>573</u> |

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

| | 2013 £ | 2012 £ |
|--|----------------|----------------|
| <i>Current tax:</i> | | |
| UK corporation tax on profit of the year | 257,235 | 596,953 |
| Adjustments in respect of previous years | (2,213) | (68,060) |
| Total current tax (note 7(b)) | <u>255,022</u> | <u>528,893</u> |
| <i>Deferred tax:</i> | | |
| Origination and reversal of timing differences | 1,067 | - |
| Total deferred tax | <u>1,067</u> | <u>-</u> |
| Tax on profit on ordinary activities | <u>256,089</u> | <u>528,893</u> |

Notes to the financial statements

at 31 October 2013

7. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 23.4% (2012 – 24.8%). The differences are explained below:

| | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Profit on ordinary activities before tax | 928,220 | 2,182,888 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.4% (2012 – 24.8%) | 217,203 | 541,437 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 48,772 | 7,096 |
| Capital allowances for period (more)/less than depreciation | (5,524) | 48,420 |
| Marginal relief | (2,213) | - |
| Adjustments to tax charge in respect of previous years | (4,172) | (68,060) |
| Current tax for year (note 7(a)) | 255,022 | 528,893 |

(c) Factors that may affect future tax charges

The Group has no carried forward tax losses. The UK Government has announced its intention to reduce the UK corporation tax rate to 20% by 1 April 2015. The reduction from 24% to 23% was substantively enacted on 3 July 2012 and came into effect on 1 April 2013. A rate of 23.4% therefore applies to current tax liabilities arising during the period.

8. Profit attributable to members of the parent undertaking

The profit on ordinary activities after taxation dealt with in the financial statements of the parent undertaking was £3,211,607 (2012 – £1,033,268).

9. Intangible fixed assets

| | <i>Goodwill arising on acquisition</i> £ | <i>Purchased goodwill</i> £ |
|---|---|------------------------------------|
| <i>Cost:</i> | | |
| At 1 November 2012 | - | 154,579 |
| Additions | - | 23,999 |
| Acquisition of R E Bath Travel Services Limited | (425,926) | - |
| At 31 October 2013 | (425,926) | 178,578 |
| <i>Amortisation:</i> | | |
| At 1 November 2012 | - | 154,579 |
| Charge for the year | - | 23,999 |
| At 31 October 2013 | - | 178,578 |
| <i>Net book value:</i> | | |
| At 31 October 2013 | (425,926) | - |
| At 1 November 2012 | - | - |

Negative goodwill has resulted from the acquisition of the entire share capital of R E Bath Travel Services Limited on 7 October 2013. See note 19 for fair values of assets and liabilities acquired.

Notes to the financial statements

at 31 October 2013

10. Tangible fixed assets

Group

| | <i>Short leasehold property</i> | <i>Long term leasehold property</i> | <i>F'hold land, buildings & improvements</i> | <i>Office equipment</i> | <i>Fixtures and fittings</i> | <i>Motor vehicles</i> | <i>Computer equipment & software</i> | <i>Total</i> |
|-------------------------------------|---------------------------------|-------------------------------------|--|-------------------------|------------------------------|-----------------------|--|--------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Cost: | | | | | | | | |
| At 1 November 2012 | 730,189 | - | 1,842,333 | 1,562,487 | 1,691,843 | 364,787 | 1,754,606 | 7,946,245 |
| Reclassifications | 243 | - | (190,237) | - | 189,994 | - | - | - |
| Relating to acquisitions | 489,192 | 335,800 | 10,145,787 | - | 2,164,051 | 53,449 | 2,134,880 | 15,323,159 |
| Transfers to assets held for resale | - | - | (1,030,334) | - | - | - | - | (1,030,334) |
| Additions | 15,046 | - | 94,147 | 310,924 | 37,837 | 132,795 | 175,419 | 766,168 |
| Disposals | - | - | - | (6,948) | (1,174) | (91,404) | - | (99,526) |
| Disposals - nil NBV | (479,724) | - | (81,709) | (1,046,853) | (1,172,059) | - | (943,805) | (3,724,150) |
| At 31 October 2013 | 754,946 | 335,800 | 10,779,987 | 819,610 | 2,910,492 | 459,627 | 3,121,100 | 19,181,562 |
| Depreciation: | | | | | | | | |
| At 1 November 2012 | 647,735 | - | 698,546 | 1,253,550 | 1,542,122 | 305,528 | 1,245,921 | 5,693,402 |
| Reclassifications | (36,088) | - | (287) | - | 36,375 | - | - | - |
| Relating to acquisitions | 373,865 | 8,583 | 263,514 | - | 1,622,343 | 33,490 | 2,059,633 | 4,361,428 |
| Transfers to assets held for resale | - | - | (25,334) | - | - | - | - | (25,334) |
| Charged in the year | 57,515 | 294 | 59,793 | 136,370 | 129,703 | 45,364 | 192,251 | 621,290 |
| Disposals | - | - | - | (1,217) | (555) | (45,068) | - | (46,840) |
| Disposals - nil NBV | (479,724) | - | (81,709) | (1,046,853) | (1,172,059) | - | (943,805) | (3,724,150) |
| At 31 October 2013 | 563,303 | 8,877 | 914,523 | 341,850 | 2,157,928 | 339,314 | 2,554,000 | 6,879,795 |
| Net book value: | | | | | | | | |
| At 31 October 2013 | 191,643 | 326,923 | 9,865,464 | 477,760 | 752,564 | 120,313 | 567,100 | 12,301,767 |
| At 1 November 2012 | 82,454 | - | 1,143,787 | 308,937 | 149,721 | 59,259 | 508,685 | 2,252,843 |

Notes to the financial statements

at 31 October 2013

10. Tangible fixed assets (continued)

Company

| | Short leasehold improvement | Freehold land buildings & improvements | Office equipment | Fixtures and fittings | Motor vehicles | Computer equipment & software | Total |
|-------------------------|-----------------------------|--|------------------|-----------------------|----------------|-------------------------------|-------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Cost: | | | | | | | |
| At 1 November 2012 | 727,286 | 1,842,333 | 1,509,380 | 1,551,290 | 291,064 | 1,685,125 | 7,606,478 |
| Reclassifications | 243 | (190,237) | - | 189,994 | - | - | - |
| Additions | 15,046 | 94,147 | 304,800 | 37,837 | 86,954 | 171,362 | 710,146 |
| Disposals | - | - | (6,501) | (1,174) | (59,099) | - | (66,774) |
| Disposals - nil NBV | (479,724) | (81,709) | (1,046,853) | (1,172,059) | - | (943,805) | (3,724,150) |
| At 31 October 2013 | 262,851 | 1,664,534 | 760,826 | 605,888 | 318,919 | 912,682 | 4,525,700 |
| Depreciation: | | | | | | | |
| At 1 November 2012 | 644,832 | 698,546 | 1,203,583 | 1,402,049 | 261,814 | 1,201,677 | 5,412,501 |
| Reclassifications | (36,088) | (287) | - | 36,375 | - | - | - |
| Charged during the year | 56,222 | 50,835 | 134,675 | 123,758 | 34,532 | 174,424 | 574,446 |
| Disposals | - | - | (994) | (555) | (35,740) | - | (37,289) |
| Disposals - nil NBV | (479,724) | (81,709) | (1,046,853) | (1,172,059) | - | (943,805) | (3,724,150) |
| At 31 October 2013 | 185,242 | 667,385 | 290,411 | 389,568 | 260,606 | 432,296 | 2,225,508 |
| Net book value: | | | | | | | |
| At 31 October 2013 | 77,609 | 997,149 | 470,415 | 216,320 | 58,313 | 480,386 | 2,300,192 |
| At 1 November 2012 | 82,454 | 1,143,787 | 305,797 | 149,241 | 29,250 | 483,448 | 2,193,977 |

11. Investments

Company

| | Investment in subsidiary undertakings |
|--|---------------------------------------|
| | £ |
| Cost: | |
| At 1 November 2012 | 2,400 |
| Investment in R E Bath Travel Services Limited (note 19) | 7,591,373 |
| At 31 October 2013 | 7,593,773 |

Notes to the financial statements

at 31 October 2013

11. Investments (continued)

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings

| <i>Name of company</i> | <i>Holding</i> | <i>Proportion of shares held</i> | <i>Nature of business</i> |
|--------------------------------|-----------------|----------------------------------|---------------------------|
| Hays Foreign Exchange Limited | Ordinary shares | 100% | Sale of foreign currency |
| Hays Tour Operating Limited | Ordinary shares | 100% | Tour operator |
| Hays Beds Limited | Ordinary shares | 100% | Accommodation provider |
| Hays Transfers Limited | Ordinary shares | 100% | Transfers provider |
| Hays Transport Limited | Ordinary shares | 100% | HMRC Transport scheme |
| RE Bath Travel Service Limited | Ordinary shares | 100% | Travel agent |
| Tappers Travel Service Limited | Ordinary shares | 100% | Dormant |

Tappers Travel Service Limited is a 100% owned subsidiary of R E Bath Travel Services Limited. All subsidiary undertakings are companies registered in England and Wales.

12. Stocks

| | <i>2013</i> | <i>Group</i> <i>2012</i> | <i>2013</i> | <i>Company</i> <i>2012</i> |
|-------------------|-------------|-----------------------------|-------------|-------------------------------|
| | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| Consumable stocks | 18,100 | 17,929 | 18,100 | 17,929 |

13. Debtors

| | <i>2013</i> | <i>Group</i> <i>2012</i> | <i>2013</i> | <i>Company</i> <i>2012</i> |
|--|-------------|-----------------------------|-------------|-------------------------------|
| | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| Trade debtors | 13,188,149 | 4,737,436 | 1,289,981 | 690,007 |
| Amounts due from subsidiary undertakings | - | - | 3,089,745 | - |
| Other debtors | 9,218,367 | 4,266,169 | 3,383,342 | 3,140,961 |
| Prepayments and accrued income | 1,919,005 | 1,848,191 | 1,256,191 | 1,824,176 |
| Corporation tax recoverable | - | - | 165,263 | 11,899 |
| | 24,325,521 | 10,851,796 | 9,184,522 | 5,667,043 |

Notes to the financial statements

at 31 October 2013

14. Creditors: amounts falling due within one year

| | 2013 | Group 2012 | 2013 | Company 2012 |
|--|-------------------|-------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Trade creditors | 59,901,526 | 45,948,694 | 29,123,986 | 36,607,021 |
| Amounts due to subsidiary undertakings | - | 136,083 | 4,281,388 | 1,899,496 |
| Corporation tax | 141,897 | - | - | - |
| Other taxes and social security costs | 293,807 | 194,901 | 933,100 | 670,557 |
| Other creditors | 274,833 | 120,203 | 46,808 | 17,032 |
| Accruals | 5,991,333 | 1,810,046 | 177,321 | 225,069 |
| | <u>66,603,396</u> | <u>48,209,927</u> | <u>34,562,603</u> | <u>39,419,175</u> |

15. Deferred taxation

The provision for deferred taxation is made up as follows:

| | 2013 | Group 2012 | 2013 | Company 2012 |
|--------------------------------|---------------|---------------|----------|-----------------|
| | £ | £ | £ | £ |
| Accelerated capital allowances | 32,244 | - | - | - |
| Short-term timing differences | (1,150) | - | - | - |
| | <u>31,094</u> | <u>-</u> | <u>-</u> | <u>-</u> |

16. Provisions

| | 2013 | Group 2012 | 2013 | Company 2012 |
|---------------------|---------------|----------------|-----------|-----------------|
| | £ | £ | £ | £ |
| At 1 November 2012 | 500,000 | 500,000 | 500,000 | 500,000 |
| On acquisition | 50,000 | - | - | - |
| Release in the year | (500,000) | - | (500,000) | - |
| | <u>50,000</u> | <u>500,000</u> | <u>-</u> | <u>500,000</u> |

The Group and Company has released the £500,000 specific provision relating to the failed supplier claim as there has been significant movement by the defendant, and our legal advisors are now confident the claim will be settled quickly in our favour.

Notes to the financial statements

at 31 October 2013

17. Issued share capital

| | 2013 | 2012 |
|---|---------|---------|
| <i>Allotted, called up and fully paid</i> | £ | £ |
| Ordinary shares of £1 each | 100,000 | 100,000 |

18. Reconciliation of equity and movements on reserves

Group

| | Share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|---------------------|-----------------------|---------------------------------------|---------------------------------|------------|
| At 1 November 2011 | 100,000 | 32,500 | 9,267,730 | 9,400,230 |
| Profit for the year | - | - | 1,653,995 | 1,653,995 |
| Dividends paid | - | - | (50,000) | (50,000) |
| At 1 November 2012 | 100,000 | 32,500 | 10,871,725 | 11,004,225 |
| Profit for the year | - | - | 672,131 | 672,131 |
| Dividends paid | - | - | - | - |
| At 31 October 2013 | 100,000 | 32,500 | 11,543,856 | 11,676,356 |

Company

| | Share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|---------------------|-----------------------|---------------------------------------|------------------------------------|------------|
| At 1 November 2011 | 100,000 | 32,500 | 7,234,455 | 7,366,955 |
| Profit for the year | - | - | 1,033,268 | 1,033,268 |
| Dividends paid | - | - | (50,000) | (50,000) |
| At 1 November 2012 | 100,000 | 32,500 | 8,217,723 | 8,350,223 |
| Profit for the year | - | - | 3,211,607 | 3,211,607 |
| Dividends paid | - | - | - | - |
| At 31 October 2013 | 100,000 | 32,500 | 11,429,330 | 11,561,830 |

Notes to the financial statements

at 31 October 2013

19. Acquisitions

On 7 October 2013 the Company acquired the entire share capital of R E Bath Travel Services Limited for a cash consideration of £7,591,373 (including transaction expenses). The net book value and fair value of the assets and liabilities at that date were as follows:

| | <i>Book value</i> | <i>Fair value adjustments</i> | <i>Fair value</i> |
|--|-----------------------|-----------------------------------|-------------------|
| | £ | £ | £ |
| Tangible assets | 10,961,731 | - | 10,961,731 |
| Investments | 50,000 | - | 50,000 |
| Debtors | 2,508,462 | - | 2,508,462 |
| Cash at bank and in hand | 3,161,804 | - | 3,161,804 |
| Creditors | (8,549,698) | (65,000) | (8,614,698) |
| Provisions | (50,000) | - | (50,000) |
| Defined benefit pension scheme asset | 264,000 | (264,000) | - |
| Net assets acquired | 8,346,299 | (329,000) | 8,017,299 |
| Consideration (including transaction expenses) | | | (7,591,373) |
| Negative goodwill arising (note 9) | | | 425,926 |

20. Notes to the statement of Group cash flows

(a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

| | <i>2013</i> | <i>2012</i> |
|---|--------------|-------------|
| | £ | £ |
| Operating profit | 171,710 | 986,656 |
| Depreciation | 621,290 | 629,972 |
| Amortisation of goodwill | 23,999 | - |
| (Increase)/decrease in stocks | (171) | 1,387 |
| Increase in debtors | (10,965,263) | (2,918,414) |
| Increase in creditors | 10,092,532 | 5,853,676 |
| Decrease in provisions | (500,000) | - |
| Profit on disposal of tangible fixed assets | (4,612) | (10,177) |
| Net cash (outflow)/inflow from operating activities | (560,515) | 4,543,100 |

Notes to the financial statements

at 31 October 2013

20. Notes to the statement of Group cash flows (continued)

(b) Analysis of cash flows for headings in the statement of cash flows

| | 2013 £ | 2012 £ |
|--|--------------------|------------------|
| Returns on investment and servicing of finance | | |
| Interest received | 756,510 | 1,196,232 |
| | <u>756,510</u> | <u>1,196,232</u> |
| | 2013 £ | 2012 £ |
| Taxation | | |
| Corporation tax paid | (488,755) | (424,612) |
| | <u>(488,755)</u> | <u>(424,612)</u> |
| | 2013 £ | 2012 £ |
| Capital expenditure and financial investment | | |
| Payments to acquire investment in subsidiary undertaking | (7,591,373) | - |
| Cash acquired with subsidiary undertaking | 3,161,804 | - |
| Payments to acquire intangible fixed assets | (23,999) | - |
| Payment to acquire tangible fixed assets | (766,165) | (432,256) |
| Receipts from sales of tangible fixed assets | 57,296 | 27,233 |
| | <u>(5,162,440)</u> | <u>(405,023)</u> |

(c) Analysis of changes in net funds

| | At 1 November 2012 £ | Cash flow £ | At 31 October 2013 £ |
|--------------------------|-------------------------------|--------------------|-------------------------------|
| Cash at bank and in hand | 46,591,584 | (5,455,200) | 41,136,384 |
| | <u>46,591,584</u> | <u>(5,455,200)</u> | <u>41,136,384</u> |

21. Capital commitments

At 31 October 2013 there were no capital commitments contracted for but not provided in the financial statements (2012 – £nil).

Notes to the financial statements

at 31 October 2013

22. Pension commitments

The Group operates a number of defined contribution schemes. The assets of the scheme are held separately from those of the Group in an independently administered fund. At 31 October 2013 there were no unpaid contributions outstanding (2012: £Nil).

The Group also operates a defined benefit pension scheme for certain employees. The last full actuarial valuation of the scheme was carried out as at 1 December 2012, and this has been updated to 31 October 2013 by the scheme actuary.

The pension scheme has not invested in any of the group companies.

There are no amounts recognised in the balance sheet:

| | 2013 £ | 2012 £ |
|--------------------------------------|-------------|-----------|
| Present value of funded obligations | (7,004,000) | - |
| Fair value of scheme assets | 7,598,000 | - |
| Surplus in scheme | 594,000 | - |
| Related deferred tax asset | (137,000) | - |
| Fair value adjustment on acquisition | (264,000) | - |
| Surplus cap | (193,000) | - |
| | - | - |

The Company has decided to adopt a more prudent criteria by eliminating the defined benefit pension scheme asset which was disclosed by R E Bath Travel Services Limited in their Balance Sheet as at 31 October 2013, together with the improvement in the fair value of plan assets generated in the short period of 24 days. A surplus cap of £193,000 has therefore been accounted for at 31 October 2013.

The amounts recognised in the profit and loss account are as follows:

| | 2013 £ | 2012 £ |
|----------------------------------|-----------|-----------|
| Current service cost | - | - |
| Interest on obligation | - | - |
| Expected return on scheme assets | - | - |
| Total | - | - |
| Actual return on scheme assets | - | - |

Changes in the present value of the defined benefit obligation were as follows:

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Opening defined benefit obligation (7 October 2013) | 6,981,000 | - |
| Current service cost | - | - |
| Interest cost | - | - |
| Actuarial loss | 23,000 | - |
| Benefits paid | - | - |
| Closing defined benefit obligation | 7,004,000 | - |

Notes to the financial statements

at 31 October 2013

22. Pension commitments (continued)

Changes in the fair value of scheme assets were as follows:

| | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Opening fair value of scheme assets (7 October 2013) | 7,323,000 | - |
| Expected return on assets | 275,000 | - |
| Actual return less expected return on assets | - | - |
| Contributions to the scheme | - | - |
| Benefits paid | - | - |
| Closing fair value of scheme assets | 7,598,000 | - |

The Group expects to contribute approximately £400,000 to the scheme in the year to 31 October 2014

The major categories of scheme assets as a percentage of total scheme assets are as follows:

| | 2013 | 2012 |
|----------|------|------|
| Equities | 83% | - |
| Bonds | 11% | - |
| Cash | 6% | - |

The principal actuarial assumptions adopted at the balance sheet date are as follows:

| | 2013 | 2012 |
|---|-------|------|
| Discount rate | 4.60% | - |
| Retail price inflation (RPI) | 3.00% | - |
| Consumer price inflation (CPI) | 2.00% | - |
| Salary increase rate | 3.00% | - |
| Pension increases – CPI maximum 5.0% | 1.90% | - |
| Pension increases – CPI maximum 2.5% | 1.70% | - |
| Deferred pension revaluation – CPI 5.0% cap | 2.00% | - |
| Deferred pension revaluation – CPI 2.5% cap | 2.00% | - |
| Expected return on scheme assets | 6.30% | - |

The overall expected long term return on scheme assets is a weighted average of the expected long term returns for equity securities, debt securities and other assets.

Mortality follows the standard table known as SIPA, using 110% of the base table with the CMI_2011 mortality projections with a long term rate of improvement of 1.25%. The mortality assumptions used at the previous year end followed the standard table known as SIPA, using 120% of the base table with medium cohort mortality improvements subject to a 1.25% minimum to the annual improvements.

Assuming retirement at age 65, the life expectancies in years are as follows:

| | 2013 | 2012 |
|---------------------------------------|------|------|
| For a male aged 65 now | 21.8 | - |
| At 65 for a male member aged 45 now | 23.5 | - |
| For a female aged 65 now | 24.1 | - |
| At 65 for a female member aged 45 now | 26.0 | - |

Notes to the financial statements

at 31 October 2013

23. Other financial commitments

At 31 October 2013 the Group had annual commitments under non-cancellable operating leases as set out below:

| | <i>Land and buildings</i> | | | <i>Other</i> |
|--------------------------------|---------------------------|----------------|---------------|--------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| Within one year | 417,305 | 401,524 | - | - |
| In two to five years | 535,845 | 288,790 | 17,422 | - |
| In over five years | 461,625 | - | - | - |
| | <u>1,414,775</u> | <u>690,314</u> | <u>17,422</u> | <u>-</u> |

24. Contingent liabilities

Bonds have been provided to The Association of British Travel Agents Limited and other parties, the Group's bankers have provided the full amount of the bonds which are all held on a cash cover basis. The amounts and expiry dates of the bonds are set out below:

| <i>Expiry date</i> | <i>2013</i> | <i>2012</i> |
|--------------------|-------------|-------------|
| | £ | £ |
| 31 March 2013 | - | 2,350,000 |
| 2 April 2013 | - | 163,338 |
| 6 August 2013 | - | 80,000 |
| 24 September 2013 | - | 20,000 |
| 28 September 2013 | - | 250,000 |
| 1 October 2013 | - | 30,000 |
| 28 February 2014 | 70,000 | - |
| 31 July 2014 | 250,000 | - |
| 2 September 2014 | 75,000 | - |
| 24 September 2014 | 20,000 | - |
| 1 October 2014 | 30,000 | - |

25. Related party transactions

The Company has taken advantage of the exemption under FRS8 'Related Party Disclosures' not to disclose details of intra Group transactions with wholly owned entities of the Group. There are no other transactions which are required to be disclosed under the terms of FRS 8.

26. Controlling party

In the Directors' opinion, the Company's controlling party is Mr J Hays, who owns 56.42% of the ordinary share capital of the Company (100% including related parties).