

Hays Travel Limited

Report and Group Financial Statements

31 October 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)

Auditor

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

Bankers

Barclays Bank PLC
53 Fawcett Street
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Solicitors

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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 2014.

The year reflects a period of considerable operational change within the Group following the acquisition of R E Bath Travel Services Limited ('Bath Travel') in October 2013 and the acquisition of 40% of the ordinary share capital of Just Go Travel Limited in September 2014.

Bath Travel's acquisition has proved to be a successful strategic decision. Significant synergies have been attained within the organisation as a consequence of the integration programme of our retail businesses. The programme started in December 2013 and concluded successfully before the year end, delivering the integration of Bath Travel's administration processes into the Group's back office. Additional benefits of the acquisition were realised through the cross selling of products in the Group's outlets and the sharing of operational and commercial knowledge and experience.

Bath Travel's staff and its pension scheme were transferred in April 2014 to the Company.

The Group enjoyed also a successful year in terms of product development, led again by our tour operating business, a fast growing division which is trading well ahead of last year both through our retail division and externally.

The Board has confidence in the market opportunity for its core businesses, which is supported by the significant growth in both the Group's tour operating and retail businesses in 2014.

The Group's volume of business grew, with the gross value of sales increasing by 39% to £775.1m (2013 - £557.7m), and 46.5% up in turnover to £253.1m (2013 - £172.7m) and profit before tax was £3.3m (2013 - £0.9m). Net cash increased by £6.7m (2012 - decrease of £5.5m) after taking account of the consideration paid for 40% of the ordinary share capital of Just Go Travel Limited. This was achieved primarily as a result of the profit generated in the year and the sale of some surplus properties held by Bath Travel.

Very positively, we ended the financial year with £21.5m (2013 - £16.1m) of commissions earned for bookings departing in 2015 which will be brought into the profit and loss account in the next financial year.

Prospects for the forthcoming year are encouraging with a strong performance in the first three months from the Group's core businesses which augurs well for the financial year ending 31 October 2015.

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 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 February 2015

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 59 retail outlets and 2 call centres in the South West of England. 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 232 branches.

The acquisition of Bath Travel on 7 October 2013 has proved to represent an excellent fit for the Group, both in terms of geographical and market presence, and has provided strategic opportunities for the enlarged business and significant cost synergies. The Group transferred all travel business trade and staff from Bath Travel to the parent company through the year and consequently since 1 November 2014 Bath Travel has become an investment property business.

On 30 September 2014 the Group acquired 40% of the ordinary share capital of Just Go Travel Limited, a travel agent business with a presence in the North West of England, through 14 retail outlets. On 1 November 2014 the Group transferred 3 of its retail outlets to Just Go Travel Limited.

The Group also entered into a Business Purchase Agreement in August 2014 with Capdell Limited, a travel agent with customers in both leisure and corporate markets and with 1 retail outlet in the North East of England.

The Directors believe that market conditions will continue favourable and therefore 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:

	2014	2013
	£	£
Gross value of sales	775,063,248	557,728,524
Turnover	253,055,459	172,684,330
Profit after tax	2,716,672	672,131
Shareholders' funds	13,938,560	11,676,356
Current assets as % of current liabilities	101%	100%
Average number of employees	922	607

As at 31 October 2014 there were commissions totalling £21,453,173 (2013 – £16,140,609) which related to holidays booked in the year departing in 2015, but in line with the Group accounting policy, the commissions have not yet been brought into the Group profit and loss account.

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.

Strategic Report

Principal risks and uncertainties (continued)

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.

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 February 2015

Directors' Report

The Directors present their report and Group financial statements for the year ended 31 October 2014.

Results and dividends

The Group profit for the year, after taxation, amounted to £2,716,672 (2013 – £672,131). No dividends were paid during the year (2013 – £nil).

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

Mrs A Kendal (appointed 1 November 2013)

Ms M Fernández Varona (appointed 1 March 2014)

Mr S Walton (resigned 9 January 2014)

Mrs I Hays served as a non-executive Director.

Future developments

The Company will continue looking for opportunities in the market to grow in addition to the opening of new shops in locations where the market potential is attractive.

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

A handwritten signature in black ink, appearing to read 'J Hays', is positioned above the printed name and title.

J Hays
Director

27 February 2015

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 2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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.

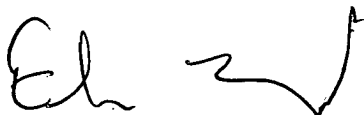
Independent auditor's report

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 February 2015

Group profit and loss account

for the year ended 31 October 2014

	Notes	2014 £	2013 £
Gross value of sales	2	775,063,248	557,728,524
Turnover	2	253,055,459	172,684,330
Operating expenses	3	(251,550,052)	(173,026,055)
Exceptional income	16	-	500,000
Other operating income – amortisation of negative goodwill	9	398,538	-
– rental and other income		1,104,416	13,435
Operating profit	4	3,008,361	171,710
Bank and other interest receivable		404,694	756,510
Other finance income (pension scheme)	22	158,000	-
Bank interest payable		(5,864)	-
Loss on disposal of fixed assets		(264,979)	-
Profit on ordinary activities before taxation		3,300,212	928,220
Tax on profit on ordinary activities	7	(583,540)	(256,089)
Profit for the financial year	18	2,716,672	672,131

All operations are continuing.

Group statement of total recognised gains and losses

for the year ended 31 October 2014

	Notes	2014 £	2013 £
Profit for the financial year	18	2,716,672	672,131
Actuarial (loss)/gain related to pension scheme		(906,000)	193,000
Deferred tax thereon		109,000	-
Surplus cap applied to pension scheme asset		346,000	(193,000)
Total recognised gains relating to the year		2,265,672	672,131

Group balance sheet

at 31 October 2014

	Notes	2014 £	2013 £
Fixed assets			
Intangible assets	9	1,164,395	(425,926)
Tangible assets	10	11,840,471	12,301,767
Investment in associated undertaking	11	-	-
		<u>13,004,866</u>	<u>11,875,841</u>
Current assets			
Assets held for resale		-	1,005,000
Stocks	12	1,844	18,100
Debtors	13	28,915,733	24,325,521
Cash at bank and in hand	20(c)	47,810,339	41,136,384
		<u>76,727,916</u>	<u>66,485,005</u>
Creditors: amounts falling due within one year	14	(75,731,161)	(66,603,396)
Net current assets/(liabilities)		<u>996,755</u>	<u>(118,391)</u>
Total assets less current liabilities		<u>14,001,621</u>	<u>11,757,450</u>
Provision for liabilities and charges			
Deferred taxation	15	(9,593)	(31,094)
Other provisions	16	(50,000)	(50,000)
Net assets		<u>13,942,028</u>	<u>11,676,356</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	13,809,528	11,543,856
Total equity shareholders' funds	18	<u>13,942,028</u>	<u>11,676,356</u>

The financial statements were approved and authorised for issue by the Board of Directors on 27 February 2015 and signed on their behalf by:


J Haye
Director

Company balance sheet

at 31 October 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	10	2,599,389	2,300,192
Investments	11	8,758,168	7,593,773
		<u>11,357,557</u>	<u>9,893,965</u>
Current assets			
Stocks	12	1,844	18,100
Debtors	13	16,326,056	9,184,522
Cash at bank and in hand		31,589,703	27,027,846
		<u>47,917,603</u>	<u>36,230,468</u>
Creditors: amounts falling due within one year	14	(48,090,293)	(34,562,603)
Net current (liabilities)/assets		<u>(172,690)</u>	<u>1,667,865</u>
Total assets less current liabilities		<u>11,184,867</u>	<u>11,561,830</u>
Provisions for liabilities and charges			
Other provisions	16	-	-
Net assets		<u>11,184,867</u>	<u>11,561,830</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	11,052,367	11,429,330
Total equity shareholders' funds	18	<u>11,184,867</u>	<u>11,561,830</u>

The financial statements were approved and authorised for issue by the Board of Directors on 27 February 2015 and signed on their behalf by:


J Hays
Director

Group statement of cash flows

for the year ended 31 October 2014

	Notes	2014 £	2013 £
Net cash inflow/(outflow) from operating activities	20(a)	8,923,764	(560,515)
Returns on investment and servicing of finance	20(b)	398,830	756,510
Taxation	20(b)	(438,741)	(488,755)
Capital expenditure and financial investment	20(b)	(2,209,898)	(5,162,440)
Equity dividends paid	18	-	-
Increase/(decrease) in cash	20(c)	<u>6,673,955</u>	<u>(5,455,200)</u>

Reconciliation of net cash flow to movement in net funds

for the year ended 31 October 2014

	Notes	2014 £	2013 £
Increase/(decrease) in cash	20(c)	6,673,955	(5,455,200)
Net funds at 1 November	20(c)	<u>41,136,384</u>	<u>46,591,584</u>
Net funds at 31 October	20(c)	<u>47,810,339</u>	<u>41,136,384</u>

Notes to the financial statements

at 31 October 2014

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 2014. 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.

Investments in associates are accounted for at cost less any accumulated impairment losses in the parent undertaking while in the Group financial statements the equity method is used. Goodwill arising on the acquisition of associates is disclosed separately in the Group financial statements.

Dividend income from associates is recognised when the shareholder's right to receive payment has been established and is shown as other income in the parent undertaking.

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 this has had no material impact in the Group financial statements.

Stocks

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

Cash at bank

Cash at bank includes term deposits which are accessible to the Group at short notice.

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.

Notes to the financial statements

at 31 October 2014

1. Accounting policies (continued)

Deferred taxation (continued)

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.

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 currency (which is exempt from value added tax), all of which arises from continuing operations (d) Rebates and overrides received from suppliers. Commission earned on the sale of holidays, insurance and 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 2014

3. Operating expenses

	2014 £	2013 £
Cost of sales	224,587,398	155,049,719
Distribution costs	1,915,246	2,224,510
Administrative expenses	25,047,408	15,751,826
	<u>251,550,052</u>	<u>173,026,055</u>

4. Operating profit

This is stated after charging/(crediting):

	2014 £	2013 £
Auditors' remuneration – audit services		
– Ernst & Young LLP	67,900	63,970
– Mazars LLP	28,000	30,000
Auditors' remuneration – non-audit services		
– Ernst & Young LLP – regulatory compliance work	12,650	-
– Mazars LLP – corporation tax compliance	3,400	8,355
– Mazars LLP – other services	2,000	7,100
Depreciation of owned fixed assets	891,998	621,290
Amortisation of goodwill	15,000	23,999
Amortisation of negative goodwill	(398,538)	-
Operating lease rentals – land and buildings	1,448,061	795,848
Loss/(profit) on disposal of fixed assets	8,951	(4,612)
	<u></u>	<u></u>

5. Directors' emoluments

	2014 £	2013 £
Emoluments	394,325	534,131
	<u></u>	<u></u>
Company contributions paid to money purchase schemes	930	4,330
	<u></u>	<u></u>
	No.	No.
Members of money purchase pension schemes	-	-
	<u></u>	<u></u>

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

	2014 £	2013 £
Emoluments	120,000	130,000
	<u></u>	<u></u>
Company contributions paid to money purchase pension schemes	-	-
	<u></u>	<u></u>

Notes to the financial statements

at 31 October 2014

6. Staff costs

	2014 £	2013 £
Wages and salaries	16,061,980	10,229,635
Social security costs	1,093,098	736,866
Defined benefit pension scheme current service cost (note 22)	106,000	-
Other pension costs	55,835	9,143
	<u>17,316,913</u>	<u>10,975,644</u>

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

	2014 No.	2013 No.
Sales and administration	922	607

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014 £	2013 £
<i>Current tax:</i>		
UK corporation tax on profit of the year	649,837	257,235
Adjustments in respect of previous years	(44,796)	(2,213)
Total current tax (note 7(b))	<u>605,041</u>	<u>255,022</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(21,501)	1,067
Total deferred tax	<u>(21,501)</u>	<u>1,067</u>
Tax on profit on ordinary activities	<u>583,540</u>	<u>256,089</u>

Notes to the financial statements

at 31 October 2014

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 21.8% (2013 – 23.4%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	3,300,212	928,220
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.8% (2013 – 23.4%)	720,350	217,203
Effects of:		
Expenses not deductible for tax purposes	(107,156)	49,728
Capital allowances for period less/(more) than depreciation	47,686	(5,524)
Tax relief	(11,043)	(2,213)
Adjustments to tax charge in respect of previous years	(44,796)	(4,172)
Current tax for year (note 7(a))	605,041	255,022

(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 23% to 21% came into effect on 1 June 2014. A rate of 21.8% therefore applies to current tax liabilities arising during the period and a rate of 20% applies to the deferred tax liability at the year-end.

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 £74,037 (2013 – £3,211,607).

9. Intangible fixed assets

	Negative goodwill arising on acquisition £	Goodwill arising on acquisition £	Purchased goodwill £
Cost:			
At 1 November 2013	(425,926)	-	178,578
Adjustment to cost	27,388	-	-
Additions	-	1,164,395	15,000
At 31 October 2014	(398,538)	1,164,395	193,578
Amortisation:			
At 1 November 2013	-	-	178,578
(Credit)/charge in the year	(398,538)	-	15,000
At 31 October 2014	(398,538)	-	193,578
Net book value:			
At 31 October 2014	-	1,164,395	-
At 1 November 2014	(425,926)	-	-

Notes to the financial statements

at 31 October 2014

9. Intangible fixed assets (continued)

Negative goodwill (£425,926) resulted from the acquisition of the entire share capital of R E Bath Travel Services Limited on 7 October 2013. In 2014 the Directors have reassessed the value of negative goodwill arising on acquisition and have adjusted this value by £27,388.

Given that no further costs related to this acquisition will be recognised and the negative goodwill has been released through asset sales and depreciation of non-monetary assets, the residual negative goodwill of £398,538 has been released to the profit and loss account.

Additions comprise the goodwill generated after the acquisition of 40% of the share capital of Just Go Travel Limited in the current financial year. See Note 19 for fair values of assets and liabilities acquired.

10. Tangible fixed assets

Group

	Short leasehold property	Long term leasehold property	F'hold land, buildings & improvements	Office equipment	Fixtures and fittings	Motor vehicles	Computer equipment & software	Total
	£	£	£	£	£	£	£	£
Cost:								
At 1 November 2013	754,946	335,800	10,779,987	819,610	2,910,492	459,627	3,121,100	19,181,562
Additions	109,789	-	-	238,393	202,298	68,941	154,534	773,955
Disposals	(246)	(85,800)	(15,900)	(1,540)	(1,317,792)	(29,257)	(50,033)	(1,500,568)
Disposals - nil NBV	(121,083)	-	-	(154,781)	(364,822)	(41,418)	(2,147,829)	(2,829,933)
At 31 October 2014	743,406	250,000	10,764,087	901,682	1,430,176	457,893	1,077,772	15,625,016
Depreciation:								
At 1 November 2013	563,303	8,877	914,523	341,850	2,157,928	339,314	2,554,000	6,879,795
Charged in the year	65,238	3,533	175,465	170,320	200,717	59,436	217,289	891,998
Disposals	(139)	(2,211)	(9,787)	(381)	(1,101,050)	(17,917)	(25,830)	(1,157,315)
Disposals - nil NBV	(121,083)	-	-	(154,781)	(364,822)	(41,418)	(2,147,829)	(2,829,933)
At 31 October 2014	507,319	10,199	1,080,201	357,008	892,773	339,415	597,630	3,784,545
Net book value:								
At 31 October 2014	236,087	239,801	9,683,886	544,674	537,403	118,478	480,142	11,840,471
At 1 November 2013	191,643	326,923	9,865,464	477,760	752,564	120,313	567,100	12,301,767

Notes to the financial statements

at 31 October 2014

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 2013	262,851	1,664,534	760,826	605,888	318,919	912,682	4,525,700
Additions	92,083	-	271,270	313,051	107,771	176,218	960,393
Disposals	(246)	(15,900)	(1,540)	-	(10,357)	-	(28,043)
Disposals - nil NBV	(121,083)	-	(108,736)	(209,082)	-	(139,882)	(578,783)
At 31 October 2014	233,605	1,648,634	921,820	709,857	416,333	949,018	4,879,267
Depreciation:							
At 1 November 2013	185,242	667,385	290,411	389,568	260,606	432,296	2,225,508
Charged during the year	42,628	55,212	167,951	147,593	52,793	183,907	650,084
Disposals	(139)	(6,054)	(381)	-	(10,357)	-	(16,931)
Disposals - nil NBV	(121,083)	-	(108,736)	(209,082)	-	(139,882)	(578,783)
At 31 October 2014	106,648	716,543	349,245	328,079	303,042	476,321	2,279,878
Net book value:							
At 31 October 2014	126,957	932,091	572,575	381,778	113,291	472,697	2,599,389
At 1 November 2013	77,609	997,149	470,415	216,320	58,313	480,386	2,300,192

11. Investments

Company

	Investment
	£
Cost as at 1 November 2013	7,593,773
Additions: Investment in Just Go Travel Limited (note 19)	1,164,395
Cost as at 31 October 2014	8,758,168

Notes to the financial statements

at 31 October 2014

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
R E Bath Travel Service Limited	Ordinary shares	100%	Travel agent

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.

Associate Investments

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Just Go Travel Limited	Ordinary shares	40%	Travel agent

12. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Consumable stocks	1,844	18,100	1,844	18,100

13. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade debtors	15,355,740	13,188,149	1,933,327	1,289,981
Amounts due from subsidiary undertakings	-	-	6,381,005	3,089,745
Amounts due from associate undertaking	191,425	-	191,425	-
Other debtors	10,129,920	9,218,367	4,735,496	3,383,342
Prepayments and accrued income	3,238,648	1,919,005	2,967,835	1,256,191
Corporation tax recoverable	-	-	116,968	165,263
	28,915,733	24,325,521	16,326,056	9,184,522

Notes to the financial statements

at 31 October 2014

14. Creditors: amounts falling due within one year

	2014	Group 2013	2014	Company 2013
	£	£	£	£
Trade creditors	66,533,519	59,901,526	31,448,404	29,123,986
Amounts due to associate undertakings	25,480	-	-	-
Amounts due to subsidiary undertakings	-	-	13,610,440	4,281,388
Corporation tax	308,197	141,897	-	-
Other taxes and social security costs	441,109	293,807	1,816,761	933,100
Other creditors	203,782	274,833	53,648	46,808
Accruals	8,019,074	5,991,333	961,040	177,321
Deferred consideration (note 19)	200,000	-	200,000	-
	<u>75,731,161</u>	<u>66,603,396</u>	<u>48,090,293</u>	<u>34,562,603</u>

15. Deferred taxation

The provision for deferred taxation is made up as follows:

	2014	Group 2013	2014	Company 2013
	£	£	£	£
Accelerated capital allowances	9,593	32,244	-	-
Short-term timing differences	-	(1,150)	-	-
	<u>9,593</u>	<u>31,094</u>	<u>-</u>	<u>-</u>

16. Provisions

	2014	Group 2013	2014	Company 2013
	£	£	£	£
At 1 November 2013	50,000	500,000	-	500,000
On acquisition	-	50,000	-	-
Additions	-	-	-	-
Release in the year	-	(500,000)	-	(500,000)
	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>

Other trade provisions represent amounts retained as reasonably necessary for the purpose of providing for further liabilities which could crystallise subsequent to the balance sheet date in connection with the company's principal travel agency activities, but where uncertainty exists both as to the amounts which could eventually crystallise and the timing thereof.

Notes to the financial statements

at 31 October 2014

17. Issued share capital

	2014	2013
<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 2012	100,000	32,500	10,871,725	11,004,225
Profit for the year	-	-	672,131	672,131
Dividends paid	-	-	-	-
At 1 November 2013	100,000	32,500	11,543,856	11,676,356
Profit for the year	-	-	2,716,672	2,716,672
Other recognised gains and losses during the year	-	-	(451,000)	(451,000)
Dividends paid	-	-	-	-
At 31 October 2014	100,000	32,500	13,809,528	13,942,028

Company

	Share capital	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£
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 1 November 2013	100,000	32,500	11,429,330	11,561,830
Profit for the year	-	-	74,037	74,037
Other recognised gains and losses during the year	-	-	(451,000)	(451,000)
Dividends paid	-	-	-	-
At 31 October 2014	100,000	32,500	11,052,367	11,184,867

Notes to the financial statements

at 31 October 2014

19. Acquisitions

On 30 September 2014 the Company acquired 40% of the share capital of Just Go Travel Limited for an agreed net consideration of £1,164,395 (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 fixed assets	240,333	-	240,333
Debtors	806,913	-	806,913
Cash at bank and in hand	837,861	-	837,861
Creditors	(381,623)	-	(381,623)
Proposed and approved dividends	-	(1,503,483)	(1,503,483)
Net assets acquired	1,503,484	(1,503,483)	1
Net assets acquired (40%)			-
Cash consideration (including transaction expenses) for 40%			2,467,878
Deferred consideration (note 14)			200,000
Dividends receivable			(1,503,483)
Goodwill arising (note 9)			1,164,395

In September 2014 the shareholders of Just Go Travel Limited approved the distribution of a dividend to Hays Travel Limited of £1,503,483. As a result of the approval of this dividend the fair value of the net assets of Just Go Travel Limited on the date of the Company's investment is £1.

The Company received £1,000,000 of this dividend subsequent to 31 October 2014 which, with the remaining amount of £503,483, is included in prepayments in Note 13. The dividend has been deducted from the fair value of the consideration paid.

The group has not accounted for its share of the associate's profit/(loss) and movement in net assets since acquisition as the results are not material.

Additional disclosures in respect of share of Just Go Travel Limited:

	2014 £
Fixed assets	96,133
Current assets	657,910
Share of gross assets	754,043
Liabilities due within one year	754,043
Liabilities due after more than one year	-
Share of gross liabilities	754,043
Share of net assets	-

Notes to the financial statements

at 31 October 2014

19. Acquisitions (continued)

	2014 £
Share of turnover	-
Share of profit before tax	-
Share of taxation	-
Share of profit after tax	-

20. Notes to the statement of Group cash flows

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

	2014 £	2013 £
Operating profit	3,008,361	171,710
Depreciation	891,998	621,290
Amortisation of goodwill	15,000	23,999
Amortisation of negative goodwill	(398,538)	-
Decrease/(increase) in stocks	16,256	(171)
Increase in debtors	(3,086,729)	(10,965,263)
Increase in creditors	8,761,465	10,092,532
Decrease in provisions	-	(500,000)
Loss/(profit) on disposal of tangible fixed assets	8,951	(4,612)
Difference between current service pension costs and cash paid	(293,000)	-
Net cash inflow/(outflow) from operating activities	8,923,764	(560,515)

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

	2014 £	2013 £
Returns on investment and servicing of finance		
Interest received	404,694	756,510
Interest paid	(5,864)	-
	398,830	756,510
Taxation		
Corporation tax paid	(438,741)	(488,755)

Notes to the financial statements

at 31 October 2014

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

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

	2014	2013
	£	£
Capital expenditure and financial investment		
Payments to acquire investment in subsidiary undertaking	(27,388)	(7,591,373)
Cash acquired with subsidiary undertaking	-	3,161,804
Payments to acquire investment in associated undertaking	(2,467,878)	-
Payments to acquire intangible fixed assets	(15,000)	(23,999)
Payment to acquire tangible fixed assets	(773,955)	(766,162)
Receipts from sales of tangible fixed assets	1,074,323	57,296
	<u>(2,209,898)</u>	<u>(5,162,440)</u>

(c) Analysis of changes in net funds

	At 1 November 2013 £	Cash flow £	At 31 October 2014 £
Cash at bank and in hand	41,136,384	6,673,955	47,810,339

21. Capital commitments

At 31 October 2014 there were no capital commitments contracted for but not provided in the financial statements (2013 – £nil).

Notes to the financial statements

at 31 October 2014

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 2014 there were no unpaid contributions outstanding (2013: £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 2014 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:

	2014 £	2013 £
Present value of funded obligations	(7,678,000)	(7,004,000)
Fair value of scheme assets	7,817,000	7,598,000
Surplus in scheme	139,000	594,000
Related deferred tax asset	(27,800)	(137,000)
Fair value adjustment on acquisition	-	(264,000)
Surplus cap	(111,200)	(193,000)
	-	-

The Company decided to adopt a prudent criteria by capping the defined benefit pension scheme asset which was calculated at 31 October 2014. A surplus cap of £111,200 has therefore been accounted for at 31 October 2014.

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

	2014 £	2013 £
Current service cost (note 6)	106,000	-
Interest on obligation	322,000	-
Expected return on scheme assets	(480,000)	-
Total	(52,000)	-
Actual return on scheme assets	124,000	-

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

	2014 £	2013 £
Opening defined benefit obligation	7,004,000	6,981,000
Current service cost	106,000	-
Interest cost	322,000	-
Actuarial loss	550,000	23,000
Benefits paid	(304,000)	-
Closing defined benefit obligation	7,678,000	7,004,000

Notes to the financial statements

at 31 October 2014

22. Pension commitments (continued)

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

	2014 £	2013 £
Opening fair value of scheme assets	7,598,000	7,323,000
Expected return on assets	480,000	275,000
Actual return less expected return on assets	(356,000)	-
Contributions to the scheme	399,000	-
Benefits paid	(304,000)	-
Closing fair value of scheme assets	7,817,000	7,598,000

The Group is expected to contribute approximately £320,000 to the scheme in the year to 31 October 2015.

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

	2014	2013
Equities	87%	83%
Bonds	10%	11%
Cash	3%	6%

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

	2014	2013
Discount rate	4.10%	4.60%
Retail price inflation (RPI)	2.95%	3.00%
Consumer price inflation (CPI)	1.95%	2.00%
Salary increase rate	2.85%	3.00%
Pension increases – CPI maximum 5.0%	1.95%	1.90%
Pension increases – CPI maximum 2.5%	1.80%	1.70%
Deferred pension revaluation – CPI 5.0% cap	1.95%	2.00%
Deferred pension revaluation – CPI 2.5% cap	1.95%	2.00%
Expected return on scheme assets	6.00%	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 S1PA, 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 S1PA, using 110% 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:

	2014	2013
For a male aged 65 now	21.7	21.8
At 65 for a male member aged 45 now	23.4	23.5
For a female aged 65 now	23.9	24.1
At 65 for a female member aged 45 now	25.8	26.0

Notes to the financial statements

at 31 October 2014

23. Other financial commitments

At 31 October 2014 the Group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	£	£	£	£
Operating leases which expire:				
Within one year	530,114	417,305	482	-
In two to five years	443,280	535,845	7,829	17,422
In over five years	521,250	461,625	-	-
	<u>1,494,644</u>	<u>1,414,775</u>	<u>8,311</u>	<u>17,422</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>2014</i>	<i>2013</i>
	£	£
28 February 2014	-	70,000
31 July 2014	-	250,000
2 September 2014	-	75,000
24 September 2014	-	20,000
1 October 2015	30,000	30,000
Ongoing	25,000	-
4 September 2015	55,000	-
15 November 2014	1,683,000	-

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.

During the current year, the Group made gross sales of £2,143,133 to Just Go Travel Limited, a company in which the Group has a 40% shareholding. These transactions were on normal commercial terms. The balance owed at 31 October 2014 by the Group was £25,480, being commissions payable on gross sales, and £191,425 owed to the Group and company.

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).