

Hays Travel Limited

Registered No: 1990682

DIRECTORS

Mrs M Hays (retired 31 December 1998)

Mr J Hays

Mr M Hays (retired 31 December 1998)

Mr G Dunlop (appointed 6 April 1998)

Mr P J Long (appointed 28 October 1998)

Mr J Wimbleton (appointed 28 October 1998)

Mrs T Brown (appointed 1 January 1999)

SECRETARY

Mr R Peat (appointed 6 April 1998)

AUDITORS

Ernst & Young

Norham House

12 New Bridge Street West

Newcastle upon Tyne

NE1 8AD

BANKERS

Barclays Bank PLC

53 Fawcett Street

Sunderland

Tyne & Wear

SR1 1SD

REGISTERED OFFICE

25 Vine Place

Sunderland

Tyne & Wear

SR1 3NA

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 October 1998.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £408,660. The directors do not recommend the payment of a final ordinary dividend and propose that the profit for the year be carried to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be that of a travel agent operating through twenty branches located in Tyne & Wear and County Durham.

First Choice Holidays PLC acquired 19.5% of the issued ordinary share capital of the company on 28 October 1998.

The directors are satisfied with the company's performance during the year and intend to continue with the profitable development of its activities.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year and their interests in the ordinary share capital of the company were as follows:-

	<i>At 31 October 1998</i>	<i>At 31 October 1997</i>
Mrs M Hays (retired 31 December 1998)	4,000	4,000
Mr J Hays	40,800	40,800
Mr M Hays (retired 31 December 1998)	19,600	35,200
Mr G Dunlop (appointed 6 April 1998)	-	-
Mr P J Long (appointed 28 October 1998)	-	-
Mr J Wimbleton (appointed 28 October 1998)	-	-
Mrs T Brown (appointed 1 January 1999)	-	-

YEAR 2000

Our systems have been reviewed to assess the impact, if any, of the Year 2000. We believe there are plans and procedures in place to enhance our computer and other systems prior to the end of this millennium which, when implemented, should ensure that the impact of the Year 2000 problem will not create significant errors in accounting records or adversely impact operations. The total cost of this exercise is not likely to be significant.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



J Hays
Director

Date

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Hays Travel Limited

We have audited the accounts on pages 6 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

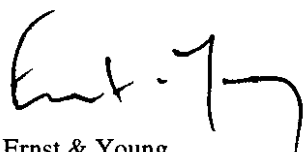
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 October 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Newcastle upon Tyne

27 April 1999

Hays Travel Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 October 1998

	<i>Notes</i>	<i>1998</i> <i>£</i>	<i>1997</i> <i>£</i>
TURNOVER	2	57,199,157	43,207,332
Commission on turnover	2	6,041,300	4,425,348
Administrative expenses		5,675,803	4,269,387
OPERATING PROFIT	3	365,497	155,961
Interest receivable		265,944	143,863
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		631,441	299,824
Tax on profit on ordinary activities	5	222,781	101,647
RETAINED PROFIT FOR THE YEAR	11	£408,660	£198,177

There are no recognised gains or losses other than those dealt with above in the profit and loss account.

Hays Travel Limited

BALANCE SHEET

at 31 October 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	6	676,806	323,695
Investments	7	2,051	2,000
		<u>678,857</u>	<u>325,695</u>
CURRENT ASSETS			
Debtors	8	387,356	413,997
Cash at bank and in hand		3,136,556	3,000,465
		<u>3,523,912</u>	<u>3,414,462</u>
CREDITORS: amounts falling due within one year	9	2,399,235	2,345,283
		<u>1,124,677</u>	<u>1,069,179</u>
NET CURRENT ASSETS			
		<u>£1,803,534</u>	<u>£1,394,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>£1,803,534</u>	<u>£1,394,874</u>
CAPITAL AND RESERVES			
Called up share capital	10	80,000	80,000
Profit and loss account	11	1,723,534	1,314,874
	11	<u>£1,803,534</u>	<u>£1,394,874</u>

ERNST & YOUNG

J Hays

Director

Date

J Hays
27/4/99

Hays Travel Limited

STATEMENT OF CASH FLOWS for the year ended 31 October 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	12(a)	532,225	1,487,856
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	12(b)	232,544	144,105
TAXATION	12(b)	(111,735)	(80,607)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	12(b)	(516,943)	(102,017)
INCREASE IN CASH		<u>£136,091</u>	<u>£1,449,337</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		<i>1998</i> £	<i>1997</i> £
INCREASE IN CASH	12(c)	136,091	1,449,337
MOVEMENT IN CASH		136,091	1,449,337
CASH AT 1 NOVEMBER	12(c)	3,000,465	1,551,128
CASH AT 31 OCTOBER	12(c)	<u>£3,136,556</u>	<u>£3,000,465</u>

NOTES TO THE ACCOUNTS

at 31 October 1998

1. ACCOUNTING POLICIES

Accounting convention

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

Depreciation

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	-	over the shorter of the lease term and 8 years
Computer equipment	-	over 5 years
Fixtures, fittings and office equipment	-	over 5 years
Motor vehicles	-	over 3 years

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

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.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Basis of consolidation

Group accounts have not been prepared because the company is entitled for the year ended 31 October 1998 to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts. Consequently the accounts presented relate only to the company.

2. TURNOVER

Turnover represents the gross value of sales as a travel agent.

Commission on turnover represents commission earned as a travel agent, all of which is stated net of value added tax and arises from continuing operations.

3. OPERATING PROFIT

	1998 £	1997 £
This is stated after charging:		
Auditors' remuneration	4,000	4,000
Depreciation of owned fixed assets	167,581	136,135
Operating lease rentals - plant and machinery	1,585	1,701
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Hays Travel Limited

NOTES TO THE ACCOUNTS

at 31 October 1998

4. DIRECTORS' EMOLUMENTS

	1998 £	1997 £
Emoluments	£616,119	£258,594

The amounts in respect of the highest paid director is as follows:

	1998 £	1997 £
Emoluments	£550,193	£129,568

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
UK Corporation tax	217,930	101,000
Under provided in prior years	4,851	647
	£222,781	£101,647

At 31 October 1998 there was no potential deferred tax liability (31 October 1997: £Nil).

6. TANGIBLE FIXED ASSETS

	Short leasehold buildings £	Freehold land and buildings £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:						
At 1 November 1997	53,727	127,865	484,083	258,492	133,385	1,057,552
Additions	-	320,000	172,194	8,443	20,055	520,692
Disposals	-	-	-	-	(12,870)	(12,870)
At 31 October 1998	53,727	447,865	656,277	266,935	140,570	1,565,374
Depreciation:						
At 1 November 1997	53,727	44,530	337,776	189,337	108,487	733,857
Provided during year	-	17,915	88,210	29,872	31,584	167,581
Disposals	-	-	-	-	(12,870)	(12,870)
At 31 October 1998	53,727	62,445	425,986	219,209	127,201	888,568
Net book value:						
At 31 October 1998	£ -	£385,420	£230,291	£47,726	£13,369	£676,806
At 1 November 1997	£ -	£83,335	£146,307	£69,155	£24,898	£323,695

Hays Travel Limited

NOTES TO THE ACCOUNTS

at 31 October 1998

7. INVESTMENTS

	<i>Investment in subsidiary undertaking £</i>
Cost:	
At 1 November 1997	2,000
Additions	51
At 31 October 1998	<u>£2,051</u>

All investments held at the year end are unlisted.

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>	<i>Results in latest financial year Profit after tax</i>	<i>Capital and reserves</i>
Hays Airseats Limited	Ordinary shares	100%	Sale of airseats	£59,060	£152,845
Hays Direct Limited	Ordinary shares	51%	Sale of holidays via telesales	£30,743	£30,843

Both subsidiary undertakings are companies registered in England and Wales.

8. DEBTORS

	<i>1998 £</i>	<i>1997 £</i>
Trade debtors	244,851	350,561
Other debtors	62,275	-
Prepayments	80,230	63,436
	<u>£387,356</u>	<u>£413,997</u>

9. CREDITORS: amounts falling due within one year

	<i>1998 £</i>	<i>1997 £</i>
Trade creditors	1,327,063	1,962,947
Current corporation tax	212,046	101,000
Other creditors	227,142	23,312
Accruals	632,984	258,024
	<u>£2,399,235</u>	<u>£2,345,283</u>

Hays Travel Limited

NOTES TO THE ACCOUNTS

at 31 October 1998

10. SHARE CAPITAL

	<i>1998</i>	<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	
	<i>No.</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
		<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	80,000	80,000	£80,000	£80,000

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 November 1997	80,000	1,314,874	1,394,874
Profit for the year	-	408,660	408,660
At 31 October 1998	£80,000	£1,723,534	£1,803,534

12. NOTES TO STATEMENT OF CASH FLOWS

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

	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>
Operating profit	365,497	155,961
Depreciation	167,581	136,135
Decrease/(increase) in debtors	60,041	(227,122)
(Decrease)/increase in creditors	(57,094)	1,425,086
Profit on disposal of tangible fixed assets	(3,800)	(2,204)
Net cash inflow from operating activities	£532,225	£1,487,856

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

	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>

RETURNS ON INVESTMENT AND SERVICING OF FINANCE

Interest received	£232,544	£144,105
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	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>

TAXATION

Corporation tax paid	£(111,735)	£(80,607)
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Hays Travel Limited

NOTES TO THE ACCOUNTS

at 31 October 1998

12. NOTES TO STATEMENT OF CASH FLOWS (continued)

	1998 £	1997 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payment to acquire tangible fixed assets	(520,692)	(105,517)
Receipts from sales of tangible fixed assets	3,800	5,500
Payments to acquire fixed asset investments	(51)	(2,000)
	<u>£(516,943)</u>	<u>£(102,017)</u>

(c) Analysis of changes in net debt

	At 1 November 1997 £	Cash flow £	Other changes £	At 31 October 1998 £
Cash at bank and in hand	<u>£3,000,465</u>	<u>£136,091</u>	<u>£ -</u>	<u>£3,136,556</u>

13. CAPITAL COMMITMENTS

At 31 October 1998 there were no capital commitments authorised by the directors (31 October 1997: £Nil).

14. LEASING COMMITMENTS

At 31 October 1998 the company had annual commitments under non-cancellable operating leases in respect of fixtures and fittings as set out below:-

	1998 £	1997 £
Operating leases which expire:		
Within one year	1,469	232
In two to five years	-	1,469
	<u>£1,469</u>	<u>£1,701</u>

15. CONTINGENT LIABILITIES

The company's bankers have provided The Association of British Travel Agents Limited with a bond for £747,398 with recourse to the company. This bond expires in January 1999. The charge is secured by a fixed charge over the company's freehold properties, book debts and a floating charge over all other assets.

In addition to this, the company's bankers have provided the Civil Aviation Authority with a bond for £45,600 with joint recourse to the company and the company's subsidiary undertaking in Hays Airseats Limited.

Hays Travel Limited

NOTES TO THE ACCOUNTS at 31 October 1998

16. RELATED PARTIES

At the balance sheet date amounts due to and from the company's subsidiary undertakings were as follows:

	<i>Hays Airseats Limited</i> £	<i>Hays Direct Limited</i> £
Trade debtors	£ -	£ 13,488
Other debtors	£62,275	£ -
Trade creditors	£ -	£ 90,100
Other creditors	£ -	£198,131