

1990682

REGISTRAR

HAYS TRAVEL LIMITED

Report and Group Financial Statements

31 October 2001

 ERNST & YOUNG



Hays Travel Limited

Registered No: 1990682

DIRECTORS

Mr J Hays
Mrs T Brown
Mrs J L Gardner
Mr H Thomas
Mr J Wimbleton

SECRETARY

Mrs J L Gardner

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

REGISTERED OFFICE

25 Vine Place
Sunderland
Tyne and Wear
SR1 3NA

DIRECTORS' REPORT

The directors submit their report and group financial statements for the year ended 31 October 2001.

RESULTS AND DIVIDENDS

The group profit for the year, after taxation and minority interests, amounted to £820,677. The directors propose the payment of a final ordinary dividend of £600,000 (2000: £500,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The group's principal activity during the year continued to be that of a travel agent operating 27 retail branches and 3 call centres in the north east of England. In addition the group operates the Independence Group. This group consists of independent travel agents throughout the country who operate under licence. The Independence Group currently has 58 members.

During the financial year ended 31 October 2001 there were commissions totalling £1,193,997, which related to holidays booked in the year but, in line with the group's revised accounting policy, the commissions have not yet been brought into profit.

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

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 company has been continued. Regular meetings are held to allow a free flow of information and ideas.

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 2001</i>	<i>At 31 October 2000</i>
Mr J Hays	45,500	45,500
Mr G Dunlop (resigned 31 January 2002)	-	-
Mrs T Brown	-	-
Mrs J L Gardner	-	-
Mr P Shanks (resigned 30 September 2001)	-	-
Mr M Gifford (resigned 31 January 2002)	-	-
Mr H Thomas (appointed 31 January 2002)	-	-
Mr J Wimbleton (appointed 21 September 2001)	-	-

Mr P Shanks, Mr M Gifford, Mr H Thomas and Mr J Wimbleton served as non-executive directors and are employees of First Choice Holidays plc.

DIRECTORS' REPORT

CREDITOR PAYMENT POLICY AND PRACTICE

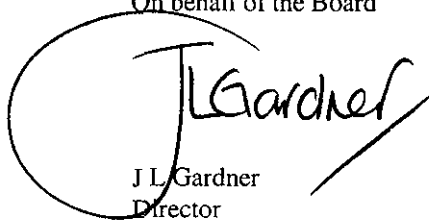
It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers provided that all trading terms and conditions have been met.

At 31 October 2001, the group had an average of 18 days purchases outstanding in trade creditors.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

On behalf of the Board



J L Gardner
Director

29 August 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HAYS TRAVEL LIMITED**

We have audited the group's financial statements for the year ended 31 October 2001 which comprise Group Profit and Loss Account, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows, Group Statement of Total Recognised Gains and Losses and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 October 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Ernst & Young LLP', with a stylized flourish at the end.

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

29 August 2002

Hays Travel Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 October 2001

	Notes	2001 £	2000 restated £
TURNOVER			
Turnover: Group and share of joint venture's turnover	2	113,877,136	90,004,996
Less: share of joint venture's turnover		(763,440)	-
GROUP TURNOVER		<u>113,113,696</u>	<u>90,004,996</u>
Commission on turnover: Group and share of joint venture	2	12,147,184	10,303,878
Less: share of joint venture's commission on turnover		(94,558)	-
Group commission on turnover		<u>12,052,626</u>	<u>10,303,878</u>
Administrative expenses		11,596,789	9,445,277
Other operating income		(372,439)	-
		<u>11,224,350</u>	<u>-</u>
GROUP OPERATING PROFIT	3	<u>828,276</u>	<u>858,601</u>
Share of operating loss in joint venture		(24)	-
TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURE		<u>828,252</u>	<u>858,601</u>
Bank interest receivable		365,651	305,186
Interest payable and similar charges - Group		-	(131)
- Joint venture		(355)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,193,548</u>	<u>1,163,656</u>
Tax on profit on ordinary activities - Group	6	360,725	277,821
- Joint venture		561	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>832,262</u>	<u>885,835</u>
Minority interests - equity		(11,585)	(3,799)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		<u>820,677</u>	<u>882,036</u>
Ordinary dividend on equity shares	7	(600,000)	(500,000)
RETAINED PROFIT FOR THE YEAR	17	<u>£220,677</u>	<u>£382,036</u>

Hays Travel Limited

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 October 2001

	2001	2000
	£	<i>restated</i> £
Profit for the financial year	820,677	882,036
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>820,677</u>	<u>£882,036</u>
Prior year adjustment	(505,680)	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<u>£314,997</u>	

Hays Travel Limited

GROUP BALANCE SHEET

at 31 October 2001

	Notes	2001 £	2001 £	2000 <i>restated</i> £
FIXED ASSETS				
Intangible assets	8		90,827	102,180
Tangible assets	9		1,650,630	1,466,742
Investment in joint ventures:	10			
Share of gross assets		37,620		
Share of gross liabilities		(38,510)	(890)	-
			<u>1,740,567</u>	<u>1,568,922</u>
CURRENT ASSETS				
Stocks	11		17,254	-
Debtors	12		1,520,712	1,386,197
Cash at bank and in hand			5,032,159	4,132,201
			<u>6,570,125</u>	<u>5,518,398</u>
CREDITORS: amounts falling due within one year	13		<u>6,449,200</u>	<u>5,449,355</u>
NET CURRENT ASSETS			<u>120,925</u>	<u>69,043</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,861,492</u>	<u>1,637,965</u>
CREDITORS: amounts falling due after more than one year	14		-	20,000
PROVISION FOR LIABILITIES AND CHARGES				
Deferred taxation	15		44,351	33,087
			<u>44,351</u>	<u>53,087</u>
			<u>1,817,141</u>	<u>1,584,878</u>
MINORITY INTERESTS				
Equity			(12,580)	(995)
			<u>£1,804,561</u>	<u>£1,583,883</u>
CAPITAL AND RESERVES				
Called up share capital	16		80,000	80,000
Profit and loss account	17		1,724,561	1,503,883
EQUITY SHAREHOLDERS' FUNDS	17		<u>£1,804,561</u>	<u>£1,583,883</u>



J Hays

Director

29 August 2002

Hays Travel Limited

COMPANY BALANCE SHEET

at 31 October 2001

	Notes	2001 £	2000 <i>restated</i> £
FIXED ASSETS			
Tangible assets	9	1,636,838	1,465,196
Investments	10	51,151	51,102
		<u>1,687,989</u>	<u>1,516,298</u>
CURRENT ASSETS			
Stocks	11	17,254	-
Debtors	12	1,567,502	1,487,691
Cash at bank and in hand		4,825,761	3,994,038
		<u>6,410,517</u>	<u>5,481,729</u>
CREDITORS: amounts falling due within one year	13	6,393,648	5,352,469
		<u>16,869</u>	<u>129,260</u>
NET CURRENT ASSETS		<u>1,704,858</u>	<u>1,645,558</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	43,397	33,087
		<u>£1,661,461</u>	<u>£1,612,471</u>
CAPITAL AND RESERVES			
Called up share capital	16	80,000	80,000
Profit and loss account	17	1,581,461	1,532,471
		<u>£1,661,461</u>	<u>£1,612,471</u>
EQUITY SHAREHOLDERS' FUNDS	17	<u>£1,661,461</u>	<u>£1,612,471</u>



J Hays

Director

29 August 2002

Hays Travel Limited

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 October 2001

	<i>Notes</i>	<i>2001</i> £	<i>2000</i> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18(a)	1,932,204	2,191,283
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	18(b)	365,651	305,055
TAXATION	18(b)	(347,490)	(257,040)
FINANCING	18(b)	(20,000)	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	18(b)	(530,407)	(757,634)
EQUITY DIVIDENDS PAID		(500,000)	(400,000)
INCREASE IN CASH		<u>£899,958</u>	<u>£1,081,664</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		£	2000 £
INCREASE IN CASH	18(c)	899,958	1,081,664
CASH INFLOW FROM DECREASE IN DEBT		20,000	-
MOVEMENT IN NET FUNDS		<u>919,958</u>	<u>1,081,664</u>
NET FUNDS AT 1 NOVEMBER	18(c)	4,112,201	3,030,537
NET FUNDS AT 31 OCTOBER	18(c)	<u>£5,032,159</u>	<u>£4,112,201</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The group financial statements consolidate the financial statements of Hays Travel Limited and all of its subsidiary undertakings drawn up to 31 October 2001. No profit and loss account is presented for Hays Travel Limited as permitted by Section 230 of the Companies Act 1985.

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 the directors' estimate of its useful life.

Investments

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

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

Stocks

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

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated the timing differences will reverse.

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.

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

1. ACCOUNTING POLICIES (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Change in accounting policy

During the year there has been a change in accounting policy with respect to income recognition. This change has been reflected in this year's financial accounts, which has resulted in changes being made to the previous year's figures.

Previously, commissions earned on the sale of holidays were credited to the profit and loss account six weeks before the date of travel. Commissions earned on the sale of insurance were credited on the date of sale and insurance discounts were treated as a deduction to holiday commissions.

Under the revised policy, commissions earned are credited to the profit and loss account in line with receipt of payment from the customer.

The Board of Directors believe that the change in accounting policy is a more appropriate way of recognising income in the profit and loss account. The effect of the change in accounting policy on the results for the current period is an increase in profit of £82,319.

2. TURNOVER

Turnover of the group 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. Commission earned on the sale of holidays and insurance is credited to the profit and loss account in line with receipt of payment from the customer. Insurance discounts are treated as a deduction to holiday commissions. Override commission is credited on an accruals basis.

3. OPERATING PROFIT

	2001	2000
	£	£
This is stated after charging:		
Auditors' remuneration	13,500	10,000
Depreciation of owned fixed assets	347,335	306,932
Operating lease rentals - plant and machinery	-	26,325
- land and buildings	290,713	285,230
	<u> </u>	<u> </u>

Hays Travel Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

4. DIRECTORS' EMOLUMENTS

	2001 £	2000 £
Emoluments	£357,496	£372,804
Company contributions paid to money purchase pension schemes	£15,000	£15,000
Members of money purchase pension schemes	1	1

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

	2001 £	2000 £
Emoluments	£177,749	£178,278
Company contributions paid to money purchase pension schemes	£15,000	£15,000

5. STAFF COSTS

	2001 £	2000 £
Wages and salaries	3,522,014	3,024,864
Social Security costs	245,455	215,692
Other pension costs	15,000	15,000
	£3,782,469	£3,255,556

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

	2001 No.	2000 No.
Sales and administration	280	220

Hays Travel Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 October 2001

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK corporation tax	349,664	265,693
Deferred taxation (note 15)	11,264	33,087
Corporation tax (over)/under-provided in prior years	(203)	(20,959)
	<u>£360,725</u>	<u>£277,821</u>

The deferred tax liability at 31 October 2001 has been provided in full in the financial statements.

7. DIVIDENDS

	2001 £	2000 £
Equity dividends on ordinary shares:		
Final proposed	£600,000	£500,000

8. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £
Cost at 1 November 2000 and 31 October 2001	113,533
Amortisation:	
At 1 November 2000	11,353
Charge for the year	11,353
At 31 October 2001	<u>22,706</u>
Net book value:	
At 31 October 2001	<u>£90,827</u>
At 1 November 2000	<u>£102,180</u>

Goodwill arising on the consolidation of Hays Direct Limited is being amortised over the directors' estimate of its useful economic life of ten years.

Hays Travel Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 October 2001

9. TANGIBLE FIXED ASSETS

Group

	<i>Short leasehold buildings</i>	<i>Freehold land and buildings</i>	<i>Office equipment</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£	£	£
Cost:							
At 1 November 2000	81,467	631,634	1,263,903	429,167	146,047	266,478	2,818,696
Additions	350	258,333	100,640	75,326	47,263	49,991	531,903
Disposals	-	-	(807)	-	(12,500)	-	(13,307)
At 31 October 2001	81,817	889,967	1,363,736	504,493	180,810	316,469	3,337,292
Depreciation:							
At 1 November 2000	56,629	112,894	743,843	305,249	108,144	25,195	1,351,954
Provided during the year	5,548	35,164	177,542	48,896	27,124	53,061	347,335
Disposals	-	-	(127)	-	(12,500)	-	(12,627)
At 31 October 2001	62,177	148,058	921,258	354,145	122,768	78,256	1,686,662
Net book value:							
At 31 October 2001	£19,640	£741,909	£442,478	£150,348	£58,042	£238,213	£1,650,630
At 1 November 2000	£24,838	£518,740	£520,060	£123,918	£37,903	£241,283	£1,466,742

Hays Travel Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 October 2001

9. TANGIBLE FIXED ASSETS (continued)

Company

	<i>Short leasehold buildings</i>	<i>Freehold land and buildings</i>	<i>Office equipment</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£	£	£
Cost:							
At 1 November 2000	81,467	631,634	1,263,757	427,555	146,047	266,478	2,816,938
Additions	350	258,333	98,825	62,737	47,263	49,991	517,499
Disposals	-	-	(807)	-	(12,500)	-	(13,307)
At 31 October 2001	81,817	889,967	1,361,775	490,292	180,810	316,469	3,321,130
Depreciation:							
At 1 November 2000	56,629	112,894	743,843	305,037	108,144	25,195	1,351,742
Provided during the year	5,548	35,164	177,442	46,858	27,124	53,061	345,177
Disposals	-	-	(127)	-	(12,500)	-	(12,627)
At 31 October 2001	62,177	148,058	921,138	351,895	122,768	78,256	1,686,292
Net book value:							
At 31 October 2001	£19,640	£741,909	£440,637	£138,397	£58,042	£238,213	£1,636,838
At 1 November 2000	£24,838	£518,740	£519,914	£122,518	£37,903	£241,283	£1,465,196

10. INVESTMENTS

Group

Investment in subsidiary and and joint venture undertakings £

At 1 November 2000	-
Shares subscribed	49
Share of loss retained by joint venture	(939)
At 31 October 2001	£(890)

Company

Investment in subsidiary and and joint venture undertakings £

Cost:	
At 1 November 2000	51,102
Additions	49
At 31 October 2001	£51,151

All investments held at the year end are unlisted.

Hays Travel Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

10. 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 Direct Limited	Ordinary shares	100%	Company has not traded during the year
Membership Services Direct Holidays Ltd	Ordinary shares	51%	Sale of holidays to groups via telesales

Joint venture undertaking

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Get Set Limited	Ordinary shares	49%	Sale of holidays via telesales

All subsidiary and joint venture undertakings are companies registered in England and Wales.

11. STOCKS

	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>
Consumable stocks	£17,254	£ -

Hays Travel Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

12. DEBTORS

	2001	Group 2000 <i>restated</i>	2001	Company 2000 <i>restated</i>
	£	£	£	£
Trade debtors	361,508	370,905	349,296	360,920
Amounts due from subsidiary undertakings	-	-	189,300	241,479
Amounts due from joint venture undertakings	50,163	-	50,163	-
Other debtors	881,926	830,889	751,628	700,889
Prepayments	227,115	184,403	227,115	184,403
	<u>£1,520,712</u>	<u>£1,386,197</u>	<u>£1,567,502</u>	<u>£1,487,691</u>

Included in amounts due from subsidiary undertakings is an amount of £Nil which is due after more than one year (2000: £20,000). Included in amounts due from joint venture undertakings is an amount of £10,000 which is due after more than one year (2000: £Nil).

13. CREDITORS: amounts falling due within one year

	2001	Group 2000 <i>restated</i>	2001	Company 2000 <i>restated</i>
	£	£	£	£
Trade creditors	5,048,614	4,302,835	5,009,097	4,201,964
Amounts due to subsidiary undertakings	-	-	5,796	19,146
Corporation tax	217,664	215,694	202,915	203,200
Other taxes and social security costs	269,099	26,540	268,250	25,902
Other creditors	191,915	187,021	189,176	187,021
Accruals	121,908	217,265	118,414	215,236
Proposed final dividend	600,000	500,000	600,000	500,000
	<u>£6,449,200</u>	<u>£5,449,355</u>	<u>£6,393,648</u>	<u>£5,352,469</u>

14. CREDITORS: amounts falling due after more than one year

	2001	Group 2000	2001	Company 2000
	£	£	£	£
Loans	-	20,000	-	-
	<u>£ -</u>	<u>£20,000</u>	<u>£ -</u>	<u>£ -</u>

Hays Travel Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

15. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current and previous years are as follows:

	2001	Group 2000	2001	Company 2000
	£	£	£	£
At 1 November	33,087	-	33,087	-
Charge for the year (note 6)	11,264	33,087	10,310	33,087
At 31 October	<u>£44,351</u>	<u>£33,087</u>	<u>£43,397</u>	<u>£33,087</u>

Deferred tax provided in the financial statements and the amounts not provided are as follows:

	2001	Group Provided 2000	2001	Company Provided 2000
	£	£	£	£
Capital allowances in advance of depreciation	<u>£44,351</u>	<u>£33,087</u>	<u>£43,397</u>	<u>£33,087</u>

There were no unprovided amounts of deferred tax.

16. SHARE CAPITAL

	2001	Authorised 2000	Allotted, called up and fully paid 2001	2000
	No.	No.	£	£
Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>	<u>£80,000</u>	<u>£80,000</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

17. RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group

	Share capital	Profit and loss account restated	Total
	£	£	£
At 1 November 1999 – as previously reported	80,000	1,827,158	1,907,158
Prior year adjustment	-	(705,310)	(705,310)
At 1 November 1999 – as restated	80,000	1,121,848	1,201,848
Profit for the year (originally £182,406 before adding prior year adjustment of £199,629)	-	382,035	382,035
At 1 November 2000 (Profit and loss account originally £2,009,563 before deducting prior year adjustment of £505,680)	80,000	1,503,883	1,583,883
Profit for the year	-	220,677	220,677
At 31 October 2001	£80,000	£1,724,560	£1,804,560

Company

	Share capital	Profit and loss account restated	Total
	£	£	£
At 1 November 1999 – as previously reported	80,000	1,897,344	1,977,344
Prior year adjustment	-	(705,310)	(705,310)
At 1 November 1999 – as restated	80,000	1,192,034	1,272,034
Profit for the year (originally £140,808 before adding prior year adjustment of £199,629)	-	340,437	340,437
At 1 November 2000 (Profit and loss account originally £2,038,151 before deducting prior year adjustment of £505,680)	80,000	1,532,471	1,612,471
Profit for the year	-	48,990	48,990
At 31 October 2001	£80,000	£1,581,461	£1,661,461

Hays Travel Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

18. NOTES TO STATEMENT OF CASH FLOWS

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

	2001	2000
	£	restated £
Operating profit	828,276	858,601
Depreciation	347,335	306,932
Increase in stocks	(17,264)	-
Increase in debtors	(134,515)	(1,321,028)
Increase in creditors	897,874	2,341,141
Profit on disposal of tangible fixed assets	(865)	(5,717)
Amortisation of goodwill	11,353	11,353
Net cash inflow from operating activities	£1,932,204	£2,191,283

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

	2001	2000
	£	£
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Bank interest received	365,651	305,186
Interest paid	-	(131)
	£365,651	£305,055

	2001	2000
	£	£
TAXATION		
Corporation tax paid	£(347,490)	£(257,040)

	2001	2000
	£	£
FINANCING		
Repayment of loan	£(20,000)	£ -

	2001	2000
	£	£
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payment to acquire tangible fixed assets	(531,903)	(779,067)
Receipts from sales of tangible fixed assets	1,545	21,433
Payments to acquire fixed asset investments	(49)	-
	£(530,407)	£(757,634)

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

18. NOTES TO STATEMENT OF CASH FLOWS (continued)

(c) Analysis of changes in net funds

	<i>At 1 November 2000 £</i>	<i>Cash flow £</i>	<i>Other changes £</i>	<i>At 31 October 2001 £</i>
Cash at bank and in hand	4,132,201	899,958	-	5,032,159
Bank overdrafts	-	-	-	-
	<u>4,132,201</u>	<u>899,958</u>	<u>-</u>	<u>5,032,159</u>
Loans	(20,000)	20,000	-	-
	<u>£4,112,201</u>	<u>£919,958</u>	<u>£ -</u>	<u>£5,032,159</u>

19. CAPITAL COMMITMENTS

At 31 October 2001 there were no capital commitments contracted for but not provided in the financial statements (2000: £Nil).

20. PENSION COMMITMENTS

The group operates a defined contribution scheme for certain employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21. LEASING COMMITMENTS

At 31 October 2001 the group had annual commitments under non-cancellable operating leases as set out below:-

	<i>Land and buildings 2001 £</i>	<i>2000 £</i>	<i>2001 £</i>	<i>Other 2000 £</i>
Operating leases which expire:				
Within one year	-	-	-	-
In two to five years	82,646	53,050	-	-
In over five years	208,067	251,710	-	-
	<u>£290,713</u>	<u>£304,760</u>	<u>£ -</u>	<u>£ -</u>

22. CONTINGENT LIABILITIES

The company's bankers have provided The Association of British Travel Agents Limited with a bond for £1,600,000 with recourse to the company. This bond expires in January 2003. The charge is secured by a fixed charge over the company's freehold properties, book debts and a floating charge over all other assets.

NOTES TO THE FINANCIAL STATEMENTS

at 31 October 2001

23. RELATED PARTY TRANSACTIONS

During the year the group entered into transactions, in the ordinary course of business with other related parties. Transactions entered into, and trading balances outstanding at 31 October were as follows:

	<i>Sales to related party £</i>	<i>Purchases from related party £</i>	<i>Amounts owed from related party £</i>	<i>Amounts owed to related party £</i>
<i>Related party</i>				
Hays Credit Limited				
2001	11,343	778,604	5,686	1,921
2000	-	1,314,167	-	-

Mr M Hays owns 2.875% of the share capital in Hays Travel Limited. Mr M Hays is a director of Hays Credit Limited

In addition, the company acquired the freehold property at 9/10 Vine Place from Hays Credit during the year for £225,000.

First Choice Holidays plc				
2001	-	12,499,269 *	-	683,422
2000	-	8,781,116 *	-	799,332

* Relates to the sales value of holidays sold as an agent on behalf of First Choice Holidays plc. First Choice Holidays plc own 37.75% of the share capital in Hays Travel Limited.

Get Set Limited				
2001	116,190	177,826	50,163	-

24. CONTROLLING PARTY

In the directors' opinion, the company's controlling party is Mr J Hays, who owns 56.875% of the ordinary share capital of the company.

25. 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 £648,990 (2000: £840,437).