

1990682

Hays Travel Limited

Report and Group Financial Statements

31 October 2005

 **ERNST & YOUNG**



Hays Travel Limited

Registered No: 1990682

Directors

Mr J Hays
Mrs J L Gardner
Ms C Powell (non executive)
Mr D Wheatley (non executive)

Secretary

Mrs Z Robson

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 2005.

Results and dividends

The group profit for the year, after taxation, amounted to £2,005,308 (2004: £1,139,376). The directors propose the payment of a final ordinary dividend of £1,320,000 (2004: £880,000).

Principal activity and review of the business

The group's principal activity during the year continued to be that of a travel agent operating 32 retail branches and 3 call centres in the north east of England. In addition, the group sells foreign exchange and it operates the Independence Group (IG). The IG consists of independent travel agents throughout the country who operate under licence. The IG currently has 121 members.

The directors are satisfied with the group's performance during the year and intend to continue with the profitable development of its activities. The significant growth in turnover in the year reflects both a strong underlying growth in the volume of holidays sold in the group and a substantial increase in the turnover of the subsidiary dealing in foreign exchange. Hays Foreign Exchange Limited has changed its terms of trade. Where in the past that subsidiary acted as an agent in the sale of foreign currency it now acts as the principal in these transactions.

During the financial year ended 31 October 2005 there were commissions totalling £3,623,824 (2004: £2,952,236) which related to holidays booked in the year but, in line with the group's accounting policy, the commissions have not yet been brought into profit.

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 2005</i>	<i>At 31 October 2004</i>
Mr J Hays	45,500	45,500
Mrs J L Gardner	-	-
Ms C Powell	-	-
Mr D Wheatley	-	-

Ms C Powell and Mr D Wheatley served as non-executive directors and are employees of First Choice Holidays plc.

Directors' report

Creditor payment policy and practice

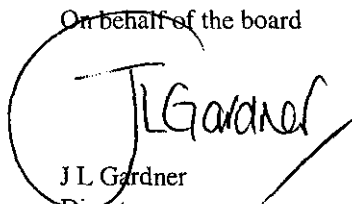
It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers provided that all trading terms and conditions have been met.

At 31 October 2005, the group had an average of 37 days (2004: 34 days) purchases outstanding in trade creditors.

Auditors

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

On behalf of the board



J L Gardner
Director

13 March 2006

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 period. 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 group 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 2005 which comprise the Group Profit and Loss Account, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows, Reconciliation of Net Cash Flow to Movement in Net Funds and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 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.

Independent auditors' report

to the members of Hays Travel Limited (continued)

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 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

13 March 2006

Group profit and loss account

for the year ended 31 October 2005

	Notes	2005 £	2004 £
Gross value of sales	2	237,685,487	181,437,848
Turnover	2	62,237,743	18,978,043
Operating expenses	3	(60,579,420)	(18,107,603)
Other operating income	4	290,683	111,858
Group operating profit	4	1,949,006	982,298
Bank interest receivable		959,124	684,612
Profit on ordinary activities before taxation		2,908,130	1,666,910
Tax on profit on ordinary activities	7	(902,822)	(527,534)
Profit for the financial year attributable to members of the parent company		2,005,308	1,139,376
Ordinary dividend on equity shares	8	(1,320,000)	(880,000)
Retained profit for the year	17	£685,308	£259,376

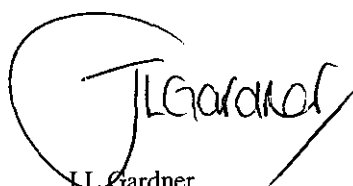
There are no recognised gains or losses other than those dealt with in the profit and loss account.

Group balance sheet

at 31 October 2005

	Notes	2005 £	2004 £
Fixed assets			
Intangible assets	9	45,415	56,768
Tangible assets	10	2,134,724	1,765,674
		<u>2,180,139</u>	<u>1,822,442</u>
Current assets			
Stocks	12	1,590,751	22,765
Debtors	13	2,456,395	1,917,629
Cash at bank and in hand		21,390,925	15,247,174
		<u>25,438,071</u>	<u>17,187,568</u>
Creditors: amounts falling due within one year	14	24,010,055	16,091,171
		<u>1,428,016</u>	<u>1,096,397</u>
Net current assets			
		3,602,602	2,918,839
Total assets less current liabilities			
Provision for liabilities and charges			
Deferred taxation	15	5,553	1,545
		<u>£3,602,602</u>	<u>£2,917,294</u>
Capital and reserves			
Called up share capital	16	80,000	80,000
Profit and loss account	17	3,522,602	2,837,294
		<u>£3,602,602</u>	<u>£2,917,294</u>
Equity shareholders' funds	17		

ERNST & YOUNG


J.L. Gardner
Director

13 March 2006

Company balance sheet

at 31 October 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	10	1,918,555	1,686,996
Investments	11	2,200	2,200
		<u>1,920,755</u>	<u>1,689,196</u>
Current assets			
Stocks	12	14,554	22,765
Debtors	13	2,231,944	2,075,217
Cash at bank and in hand		20,312,568	14,615,747
		<u>22,559,066</u>	<u>16,713,729</u>
Creditors: amounts falling due within one year	14	21,605,149	15,823,840
		<u>953,917</u>	<u>889,889</u>
Net current assets			
Total assets less current liabilities		<u>2,874,672</u>	<u>2,579,885</u>
Provisions for liabilities and charges			
Deferred taxation	15	-	-
		<u>£2,874,672</u>	<u>£2,579,085</u>
Capital and reserves			
Called up share capital	16	80,000	80,000
Profit and loss account	17	2,794,672	2,499,085
		<u>£2,874,672</u>	<u>£2,579,085</u>
Equity shareholders' funds	17		

J Hays
Director



13 March 2006

Group statement of cash flows

for the year ended 31 October 2005

	Notes	2005 £	2004 £
<i>Net cash inflow from operating activities</i>	18(a)	5,585,149	4,183,805
<i>Returns on investment and servicing of finance</i>	18(b)	946,177	700,727
<i>Taxation</i>	18(b)	(607,500)	(554,008)
<i>Capital expenditure and financial investment</i>	18(b)	(886,215)	(631,585)
<i>Equity dividends paid</i>		(880,000)	(880,000)
<i>Increase in cash</i>	18(c)	<u>£4,157,611</u>	<u>£2,818,939</u>

Reconciliation of net cash flow to movement in net funds

	Notes	2005 £	2004 £
<i>Increase in cash</i>	18(c)	4,157,611	2,818,939
<i>Net funds at 1 November</i>	18(c)	15,247,174	12,428,235
<i>Net funds at 31 October</i>	18(c)	<u>£19,404,785</u>	<u>£15,247,174</u>

Notes to the financial statements

at 31 October 2005

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 2005. 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 its useful economic 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 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

Stocks

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

Deferred taxation

Deferred tax 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 underlying timing differences can be deducted.

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

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 2005

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.

Statement of cash flows

Management of liquid resources reflects amounts which are not repayable on demand but are treated as cash in hand for statutory purposes.

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 commission earned as a travel agent (all of which is stated net of value added tax) as well as the sale of foreign currency (which is exempt from value added tax), and arises from continuing operations. Commission earned on the sale of holidays, insurance and foreign currency is credited to the profit and loss account in line with receipt of payment from the customer. Insurance discounts are treated as a deduction to holiday commissions. Override commission is credited on an accruals basis. All turnover arises wholly within the UK.

3. Operating expenses

	2005	2004
	£	£
Cost of sales	49,760,314	7,894,894
Distribution costs	2,391,163	2,270,989
Administrative expenses	8,427,943	7,941,720
	<u>£60,579,420</u>	<u>£18,107,603</u>

4. Operating profit

	2005	2004
	£	£
This is stated after charging:		
Auditors' remuneration	21,500	15,375
Depreciation of owned fixed assets	518,666	452,238
Amortisation of goodwill	11,353	11,353
Operating lease rentals - land and buildings	489,415	460,525
	<u></u>	<u></u>

Other operating income comprises fees earned from third party agents for services supplied.

Notes to the financial statements

at 31 October 2005

5. Directors' emoluments

	2005 £	2004 £
Emoluments	£322,211	£335,650
Company contributions paid to money purchase schemes	£30,925	£50,010
Members of money purchase pension schemes	2	2

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

	2005 £	2004 £
Emoluments	£182,093	£226,692
Company contributions paid to money purchase pension schemes	£22,500	£41,875

6. Staff costs

	2005 £	2004 £
Wages and salaries	5,366,283	4,696,463
Social security costs	349,483	314,410
Other pension costs	30,925	50,010
	£5,746,691	£5,060,883

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

	2005 No.	2004 No.
Sales and administration	568	507

Notes to the financial statements

at 31 October 2005

7. Tax on profit on ordinary activities

(a) Analysis of charge in period

	2005 £	2004 £
Current tax:		
UK corporation tax on profits of the period	898,470	530,610
Adjustments in respect of previous periods	344	(7)
Total current tax (note 7(b))	898,814	530,603
Deferred tax:		
Origination and reversal of timing differences	4,008	(3,069)
Total deferred tax (note 15)	4,008	(3,069)
Tax on profit on ordinary activities	£902,822	£527,534

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	2,908,130	1,666,910
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	872,439	500,073
Effects of:		
Expenses not deductible for tax purposes	19,820	6,135
Capital allowances for period less than depreciation	14,416	31,428
Utilisation of tax losses	-	(706)
Effect of small companies rate	(8,205)	(6,320)
Adjustments to tax charge in respect of previous periods	344	(7)
Current tax charge for period (noted 7(a))	£898,814	£530,603

(c) Factors that may affect future tax charges

The company has now used all brought forward tax losses, which have reduced tax payments in recent years.

Notes to the financial statements

at 31 October 2005

8. Dividends

	2005 £	2004 £
Equity dividends on ordinary shares:		
Final proposed	£1,320,000	£880,000

9. Intangible fixed assets

	<i>Goodwill</i> £
Cost at 1 November 2004 and 31 October 2005	113,533
Amortisation:	
At 1 November 2004	56,765
Charge for the year	11,353
At 31 October 2005	68,118
Net book value:	
At 31 October 2005	£45,415
At 1 November 2004	£56,768

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

Notes to the financial statements

at 31 October 2005

10. Tangible fixed assets

Group

	<i>Short leasehold improvements</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 2004	208,979	976,083	1,062,894	794,319	246,500	429,562	3,718,337
Additions	52,828	-	79,646	367,064	141,668	246,510	887,716
Disposals	-	-	-	-	(55,952)	-	(55,952)
At 31 October 2005	261,807	976,083	1,142,540	1,161,383	332,216	676,072	4,550,101
Depreciation:							
At 1 November 2004	53,359	326,287	770,023	345,608	162,416	294,970	1,952,663
Provided during the year	43,749	40,696	97,642	182,218	72,313	82,048	518,666
Disposals	-	-	-	-	(55,952)	-	(55,952)
At 31 October 2005	97,108	366,983	867,665	527,826	178,777	377,018	2,415,377
Net book value:							
At 31 October 2005	£164,699	£609,100	£274,875	£633,557	£153,439	£299,054	£2,134,724
At 1 November 2004	£155,620	£649,796	£292,871	£448,711	£84,084	£134,592	£1,765,674

Notes to the financial statements

at 31 October 2005

10. Tangible fixed assets (continued)

Company

	Short leasehold improvements £	Freehold land and buildings £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost:							
At 1 November 2004	208,979	976,083	1,021,737	762,899	185,411	429,562	3,584,671
Additions	52,828	-	77,538	173,852	180,681	226,631	711,530
Disposals	-	-	-	-	(55,952)	-	(55,952)
At 31 October 2005	261,807	976,083	1,099,275	936,751	310,140	656,193	4,240,249
Depreciation:							
At 1 November 2004	53,359	326,287	752,055	327,547	143,457	294,970	1,897,675
Provided during the year	43,749	40,696	92,279	147,343	74,357	81,547	479,971
Disposals	-	-	-	-	(55,952)	-	(55,952)
At 31 October 2005	97,108	366,983	844,334	474,890	161,862	376,517	2,321,694
Net book value:							
At 31 October 2005	£164,699	£609,100	£254,941	£461,861	£148,278	£279,676	£1,918,555
At 1 November 2004	£155,620	£649,796	£269,682	£435,352	£41,954	£134,592	£1,686,996

11. Investments

Company

Investment in subsidiary companies
£

Cost:	
At 1 November 2004	2,200
Additions	-
Disposals	-
At 31 October 2005	£2,200

Notes to the financial statements

at 31 October 2005

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
Get Set Limited	Ordinary shares	100%	Company has not traded during the year
Hays Direct Limited	Ordinary shares	100%	Company has not traded during the year

All subsidiary undertakings are companies registered in England and Wales.

12. Stocks

	<i>Group 2005 £</i>	<i>Company 2004 £</i>
Stock of foreign currency	1,576,197	-
Consumable stocks	14,554	22,765
	<u>£1,590,751</u>	<u>£22,765</u>

13. Debtors

	<i>2005 £</i>	<i>Group 2004 £</i>	<i>2005 £</i>	<i>Company 2004 £</i>
Trade debtors	647,580	501,390	423,430	500,471
Amounts due from subsidiary undertakings	-	-	-	169,522
Other debtors	576,641	488,279	576,642	482,869
Prepayments and accrued income	1,232,173	927,960	1,231,872	922,355
	<u>£2,456,395</u>	<u>1,917,629</u>	<u>£2,231,944</u>	<u>£2,075,217</u>

Notes to the financial statements

at 31 October 2005

13. Debtors (continued)

Details of amounts included in debtors which are due after more than one year can be analysed as follows:

	2005 £	2004 £
Amounts due from subsidiary undertakings	-	144,624
Other debtors	11,190	48,142
	<u>£11,190</u>	<u>£192,766</u>

14. Creditors: amounts falling due within one year

	2005 £	Group 2004 £	2005 £	Company 2004 £
Trade creditors	19,424,196	14,352,158	19,118,788	14,188,291
Amounts due to subsidiary undertakings	-	-	114,925	-
Corporation tax	551,917	260,603	424,617	185,877
Other taxes and social security costs	405,554	408,763	395,752	403,624
Other creditors	208,806	129,687	130,697	111,852
Accruals	113,442	59,960	100,370	54,196
Proposed final dividend	1,320,000	880,000	1,320,000	880,000
Bank overdraft	1,986,140	-	-	-
	<u>£24,010,055</u>	<u>£16,091,171</u>	<u>£21,605,149</u>	<u>£15,823,840</u>

15. Provision for liabilities and charges

Deferred taxation

	2005 £	Group 2004 £	2005 £	Company 2004 £
Accelerated capital allowances	-	721	-	-
Provision for deferred tax	<u>£ -</u>	<u>£721</u>	<u>£ -</u>	<u>£ -</u>
At 1 November 2004	1,545	4,614	-	3,058
Deferred tax charge/(release) in profit and loss account for year (note 7)	4,008	(3,069)	-	(3,058)
At 31 October 2005	<u>£5,553</u>	<u>£1,545</u>	<u>£ -</u>	<u>£ -</u>

Notes to the financial statements

at 31 October 2005

16. Share capital

		<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	80,000	80,000	£80,000	£80,000

17. Reserves and reconciliation of movement in shareholders' funds

Group

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 November 2003	80,000	2,577,918	2,657,918
Profit for the year	-	1,139,376	1,139,376
Dividend	-	(880,000)	(880,000)
At 1 November 2004	80,000	2,837,294	2,917,294
Profit for the year	-	2,005,308	2,005,308
Dividend	-	(1,320,000)	(1,320,000)
At 31 October 2005	£80,000	£3,522,602	£3,602,602

Company

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 November 2003	80,000	2,425,982	2,505,982
Profit for the year	-	953,103	953,103
Dividend	-	(880,000)	(880,000)
At 1 November 2004	80,000	2,499,085	2,579,085
Profit for the year	-	1,615,587	1,615,587
Dividend	-	(1,320,000)	(1,320,000)
At 31 October 2005	£80,000	£2,794,672	£2,874,672

Notes to the financial statements

at 31 October 2005

18. Notes to statement of cash flows

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

	2005 £	2004 £
Operating profit	1,949,006	982,298
Depreciation	518,666	452,238
Increase in stocks	(1,567,987)	(3,551)
Increase in debtors	(539,242)	(320,365)
Increase in creditors	5,214,853	3,064,011
Profit on disposal of tangible fixed assets	(1,500)	(2,179)
Amortisation of goodwill	11,353	11,353
Net cash inflow from operating activities	£5,585,149	£4,183,805

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

	2005 £	2004 £
Returns on investment and servicing of finance		
Bank interest received	946,177	700,727
	£946,177	£700,727
Taxation		
	2005 £	2004 £
Corporation tax paid	£(607,500)	£(554,008)
	2005 £	2004 £
Capital expenditure and financial investment		
Payment to acquire tangible fixed assets	(887,715)	(657,386)
Receipts from sales of tangible fixed assets	1,500	25,801
	£(886,216)	£(631,585)

Notes to the financial statements

at 31 October 2005

18. Notes to statement of cash flows (continued)

(c) Analysis of changes in net funds

	<i>At 1 November 2004 £</i>	<i>Cash flow £</i>	<i>Other changes £</i>	<i>At 31 October 2005 £</i>
Cash at bank and in hand	15,247,174	6,143,751	-	21,390,925
Bank overdraft	-	(1,986,140)	-	(1,986,140)
	<u>£15,247,174</u>	<u>£4,157,611</u>	<u>£ -</u>	<u>£19,404,785</u>

19. Capital commitments

At 31 October 2005 there were no capital commitments contracted for but not provided in the financial statements (2004: £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 2005 the group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2005 £</i>	<i>2004 £</i>
Operating leases which expire:		
Within one year	73,400	46,500
In two to five years	150,225	179,650
In over five years	265,790	234,375
	<u>£489,415</u>	<u>£460,525</u>

22. Contingent liabilities

A bond has been provided to The Association of British Travel Agents Limited for a value of £1,900,000.

The company's bankers have provided £800,000 of this amount with recourse to the company. This bond expires in January 2007. The bank bond is secured by a fixed charge over the company's book debts and a floating charge over all other assets. The remaining £1,100,000 has been provided by an ABTA approved insurance broker, Wentworth Surety Limited. This is an unsecured bond and will expire in January 2007.

A further bond has been provided to the Civil Aviation Authority for a value of £1,250,000. This has been provided by a CAA approved insurance broker, Wentworth Surety Limited. This is an unsecured bond and will expire in March 2006.

Notes to the financial statements

at 31 October 2005

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>
Related party				
First Choice Holidays plc				
2005	-	22,066,553	-	2,146,714
2004	-	19,478,430	-	1,703,972

(*) 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.

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 £1,615,587 (2004: £953,103).