

Hays Travel Limited

Report and Group Financial Statements

31 October 2012

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COMPANIES HOUSE

Directors

Mr J Hays
Mrs J Schumm
Mrs S Dixon
Mrs I Hays (non-executive)

Auditors

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

Bankers

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

Solicitors

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

Registered Office

25 Vine Place
Sunderland
Tyne and Wear
SR1 3NA

Chairman's statement

I am pleased to present the Group report and financial statements for the Hays Travel Group of Companies ('The Group') for the year ended 31 October 2012

Despite continuing pressure on household discretionary spend, I am pleased to announce that the Group has once again performed strongly, with profit before tax up 43% to £2.2m (2011 £1.5m)

Yet again, we have grown our volume of business and our balance sheet has strengthened, whilst our margins have improved despite a very competitive marketplace. Net cash flow from operations of £4.6m was generated in the year (2011 £3.3m outflow), with the increase over the previous year reflecting the impact of improved trading performance.

Prospects for the forthcoming year are encouraging with a strong performance in the first four months which augurs well for the year ending 31 October 2013.

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

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



J Hays
Chairman

28 March 2013

Directors' report

The directors present their report and group financial statements for the year ended 31 October 2012

Results and dividends

The group profit for the year, after taxation, amounted to £1,653,995 (2011 – £1,083,631) A dividend of £50,000 was paid during the year (2011 – £1,200,000)

Principal activity and review of the business

The group's principal activity during the year continued to be that of a travel agent, operating 43 retail outlets and 2 call centres in the North East 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 221 branches.

The directors are satisfied with the performance of the group during the year. The group continues to implement projects which are assisting in trading during the current challenging conditions. The directors remain confident that the business is well placed for the future.

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

	2012	2011
	£	£
Gross value of sales	526,753,711	475,555,034
Turnover	141,613,900	115,070,807
Profit after tax	1,653,995	1,083,631
Current assets as % of current liabilities	119%	118%
Shareholders' funds	11,004,225	9,400,230
Average number of employees	573	641

As at 31 October 2012 there were commissions totalling £8,366,216 (2011 – £9,801,589) which related to holidays booked in the year but, in line with the group accounting policy, the commissions have not yet been brought into profit.

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.

Directors' 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

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

Mr S Hopkinson – resigned 10 May 2012

Mrs S Jarvis – resigned 9 January 2013

Mr M Morgan – resigned 4 July 2012

Mrs I Hays

Mrs R Dawson – appointed 30 July 2012, resigned 18 January 2013

Mrs S Dixon – appointed 7 January 2013

Mr M Morgan and Mrs I Hays served as non-executive directors

Disabled employees

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

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

Employee involvement

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

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 2012, the group had an average of 35 days (2011 – 34 days) purchases outstanding in trade creditors

Charitable Donations

The group made charitable donations totalling £25,177 during the year

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

Auditors

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

On behalf of the Board


J Hays
Director

28 March 2013

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 auditors' report

to the members of Hays Travel Limited

We have audited the financial statements of Hays Travel Limited for the year ended 31 October 2012 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 23. 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 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' 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

A handwritten signature in black ink, appearing to read 'D. Rutherford'.

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

28 March 2013

Group profit and loss account

for the year ended 31 October 2012

	Notes	2012 £	2011 £
Gross value of sales	2	526,753,711	475,555,034
Turnover	2	141,613,900	115,070,807
Operating expenses	3(a)	(140,627,244)	(114,511,347)
Operating profit	4	986,656	559,460
Bank interest receivable		1,196,232	967,343
Profit on ordinary activities before taxation		2,182,888	1,526,803
Tax on profit on ordinary activities	7	(528,893)	(443,172)
Profit for the financial year	16	1,653,995	1,083,631
All operations are continuing			

Group statement of total recognised gains and losses

for the year ended 31 October 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,653,995 in the year ended 31 October 2012 (2011 – £1,083,631)


Group balance sheet

at 31 October 2012

Registered No 1990682

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	2,252,843	2,467,615
		<u>2,252,843</u>	<u>2,467,615</u>
Current assets			
Stocks	12	17,929	19,316
Debtors	13	10,851,796	7,933,382
Cash at bank and in hand	17(c)	46,591,584	41,731,887
		<u>57,461,309</u>	<u>49,684,585</u>
Creditors: amounts falling due within one year	14	(48,209,927)	(42,251,970)
Net current assets		<u>9,251,382</u>	<u>7,432,615</u>
Total assets less current liabilities		<u>11,504,225</u>	<u>9,900,230</u>
Provision for liabilities and charges			
Other provisions	3(b)	(500,000)	(500,000)
Net Assets		<u>11,004,225</u>	<u>9,400,230</u>
Capital and reserves			
Called up share capital	15	100,000	100,000
Capital redemption reserve	16	32,500	32,500
Profit and loss account	16	10,871,725	9,267,730
Total Equity	16	<u>11,004,225</u>	<u>9,400,230</u>

The financial statements were approved by the Board of Directors on 28 March 2013 and signed on their behalf by


 J Hays
 Director

Company balance sheet

at 31 October 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	10	2,193,977	2,401,266
Investments	11	2,400	2,400
		<u>2,196,377</u>	<u>2,403,666</u>
Current assets			
Stocks	12	17,929	19,316
Debtors	13	5,667,043	8,284,934
Cash at bank and in hand		40,388,049	38,515,270
		<u>46,073,021</u>	<u>46,819,520</u>
Creditors amounts falling due within one year	14	(39,419,175)	(41,356,231)
Net current assets		<u>6,653,846</u>	<u>5,463,289</u>
Total assets less current liabilities		<u>8,850,223</u>	<u>7,866,955</u>
Provisions for liabilities and charges			
Other provisions	3(b)	(500,000)	(500,000)
Net Assets		<u>8,350,223</u>	<u>7,366,955</u>
Capital and reserves			
Called up share capital	15	100,000	100,000
Capital redemption reserve	16	32,500	32,500
Profit and loss account	16	8,217,723	7,234,455
Total Equity	16	<u>8,350,223</u>	<u>7,366,955</u>

The financial statements were approved by the Board of Directors on 28 March 2013 and signed on their behalf by

J Hays
Director



Group statement of cash flows

for the year ended 31 October 2012

	Notes	2012 £	2011 £
Net cash inflow / (outflow) from operating activities	17(a)	4,543,100	(3,307,480)
Returns on investment and servicing of finance	17(b)	1,196,232	967,343
Taxation	17(b)	(424,612)	(653,065)
Capital expenditure and financial investment	17(b)	(405,023)	(854,096)
Financing	17(b)	-	52,500
Equity dividends paid	16	(50,000)	(1,200,000)
Increase / (decrease) in cash	17(c)	4,859,697	(4,994,798)

Reconciliation of net cash flow to movement in net funds

for the year ended 31 October 2012

	Notes	2012 £	2011 £
Increase / (decrease) in cash	17(c)	4,859,697	(4,994,798)
Net funds at 1 November	17(c)	41,731,887	46,726,685
Net funds at 31 October	17(c)	46,591,584	41,731,887

Notes to the financial statements

at 31 October 2012

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 2012. 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.

Investments

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

Tangible fixed assets

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

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

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

Stocks

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

Deferred taxation

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

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

Notes to the financial statements

at 31 October 2012

1. Accounting policies (continued)

Deferred taxation (continued)

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities are denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

In line with industry practice, foreign currencies held by the group are included as cash

Operating leases

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

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

2. Turnover

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

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

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

3. Operating expenses

(a) *Operating expenses*

	2012	2011
	£	£
Cost of sales	124,661,528	97,627,843
Distribution costs	2,206,574	2,629,426
Administrative expenses	13,759,142	14,254,078
	<u>140,627,244</u>	<u>114,511,347</u>

(b) *Other provisions*

The company has provided for £500,000, being the directors' current best estimate of the liability it may face in relation to supplier failure

Notes to the financial statements

at 31 October 2012

4. Operating profit

This is stated after charging/(crediting)

	2012	2011
	£	£
Auditors' remuneration – audit services	48,550	38,750
Depreciation of owned fixed assets	629,972	625,521
Operating lease rentals – land and buildings	751,578	772,020
Profit on disposal of fixed assets	(10,177)	(1,000)

5. Directors' emoluments

	2012	2011
	£	£
Emoluments	461,046	508,180
Company contributions paid to money purchase schemes	10,400	8,294

	No	No
Members of money purchase pension schemes	1	2

The amount in respect of the highest paid director is as follows

	2012	2011
	£	£
Emoluments	120,000	120,000
Company contributions paid to money purchase pension schemes	-	-

Notes to the financial statements

at 31 October 2012

6. Staff costs

	2012	2011
	£	£
Wages and salaries	9,208,191	9,453,119
Social security costs	664,939	723,792
Other pension costs	11,200	9,414
	<u>9,884,330</u>	<u>10,186,325</u>

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

	2012	2011
	No	No
Sales and administration	573	575
	<u>573</u>	<u>575</u>

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012	2011
	£	£
<i>Current tax</i>		
UK corporation tax on profit of the year	596,953	443,172
Adjustments in respect of previous years	(68,060)	-
Total current tax (note 7(b))	<u>528,893</u>	<u>443,172</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>528,893</u>	<u>443,172</u>

Notes to the financial statements

at 31 October 2012

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 24.8% (2011 – 26.8%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	2,182,888	1,526,803
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.8% (2011 – 26.8%)	541,437	409,166
<i>Effects of</i>		
Expenses not deductible for tax purposes	7,096	3,584
Capital allowances for period less than depreciation	48,420	30,422
Adjustments to tax charge in respect of previous years	(68,060)	-
Current tax for year (note 7(a))	528,893	443,172

(c) Deferred tax

The group does not provide for its deferred tax asset of approximately £82,000 relating to decelerated capital allowances on the grounds of materiality

(d) 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 26% to 24% was substantively enacted on 26 March 2012 and came into effect on 1 April 2012. A rate of 24.83% therefore applies to current tax liabilities arising during the period.

It was intended that the rate from 1 April 2013 would be 23%, and this was substantively enacted on 3 July 2012. This rate has been applied to any unprovided deferred tax assets at the year end.

The future tax charge is also affected by the reduction in the main rate of capital allowances from 20% to 18% and from 10% to 8% with effect from 1 April 2012.

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 £1,033,268 (2011 – £734,168)

Notes to the financial statements

at 31 October 2012

9. Intangible fixed assets

	<i>Goodwill</i>
	<i>£</i>
Cost	
At 1 November 2011 and 31 October 2012	154,579
Amortisation	
At 1 November 2011 and 31 October 2012	154,579
Net book value	
At 31 October 2012	-
At 1 November 2011	-

10. Tangible fixed assets

Group

	<i>Short leasehold improvements</i>	<i>Freehold land, buildings & improvements</i>	<i>Office equipment</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Computer equipment & software</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Cost							
At 1 November 2011	715,585	1,823,453	1,421,789	1,675,392	377,101	1,561,923	7,575,243
Additions	14,604	18,880	141,444	16,451	48,194	192,683	432,256
Disposals	-	-	(746)	-	(60,508)	-	(61,254)
At 31 October 2012	730,189	1,842,333	1,562,487	1,691,843	364,787	1,754,606	7,946,245
Depreciation							
At 1 November 2011	575,614	639,302	1,118,733	1,401,573	305,838	1,066,568	5,107,628
Charged in the year	72,121	59,244	135,302	140,549	43,403	179,353	629,972
Disposals	-	-	(485)	-	(43,713)	-	(44,198)
At 31 October 2012	647,735	698,546	1,253,550	1,542,122	305,528	1,245,921	5,693,402
Net book value							
At 31 October 2012	82,454	1,143,787	308,937	149,721	59,259	508,685	2,252,843
At 1 November 2011	139,971	1,184,151	303,056	273,819	71,263	495,355	2,467,615

Notes to the financial statements

at 31 October 2012

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 2011	712,682	1,823,453	1,368,066	1,534,839	313,683	1,494,600	7,247,323
Additions	14,604	18,880	141,314	16,451	15,889	190,525	397,663
Disposals	-	-	-	-	(38,508)	-	(38,508)
At 31 October 2012	727,286	1,842,333	1,509,380	1,551,290	291,064	1,685,125	7,606,478
Depreciation							
At 1 November 2011	572,711	639,302	1,069,503	1,262,182	268,668	1,033,691	4,846,057
Charged during the year	72,121	59,244	134,080	139,867	30,747	167,986	604,045
Disposals	-	-	-	-	(37,601)	-	(37,601)
At 31 October 2012	644,832	698,546	1,203,583	1,402,049	261,814	1,201,677	5,412,501
Net book value							
At 31 October 2012	82,454	1,143,787	305,797	149,241	29,250	483,448	2,193,977
At 1 November 2011	139,971	1,184,151	298,563	272,657	45,015	460,909	2,401,266

11. Investments

Company

	Investment in subsidiary undertakings
	£
Cost	
At 1 November 2011 and 31 October 2012	2,400

Notes to the financial statements

at 31 October 2012

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

All subsidiary undertakings are companies registered in England and Wales

12. Stocks

	<i>2012</i>	<i>Group</i>	<i>2012</i>	<i>Company</i>
	<i>£</i>	<i>2011</i>	<i>£</i>	<i>2011</i>
		<i>£</i>		<i>£</i>
Consumable stocks	17,929	19,316	17,929	19,316

13. Debtors

	<i>2012</i>	<i>Group</i>	<i>2012</i>	<i>Company</i>
	<i>£</i>	<i>2011</i>	<i>£</i>	<i>2011</i>
		<i>£</i>		<i>£</i>
Trade debtors	4,737,436	581,265	690,007	572,975
Amounts due from subsidiary undertakings	-	-	-	460,742
Other debtors	4,266,169	5,127,201	3,140,961	5,020,758
Prepayments and accrued income	1,848,191	2,224,916	1,824,176	2,212,867
Corporation tax recoverable	-	-	11,899	17,592
	10,851,796	7,933,382	5,667,043	8,284,934

Notes to the financial statements

at 31 October 2012

14. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	£	£	£	£
Trade creditors	45,948,694	40,583,146	36,607,021	38,102,041
Amounts due to subsidiary undertakings	-	-	1,899,496	1,793,450
Corporation tax	136,083	31,802	-	-
Other taxes and social security costs	194,901	868,843	670,557	868,843
Other creditors	120,203	101,656	17,032	21,095
Accruals	1,810,046	666,523	225,069	570,802
	<u>48,209,927</u>	<u>42,251,970</u>	<u>39,419,175</u>	<u>41,356,231</u>

15. Issued share capital

	<i>2012</i>	<i>2011</i>
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

16. Reconciliation of equity and movements on reserves

Group

	<i>Share capital</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£
At 1 November 2010	47,500	32,500	9,384,099	9,464,099
Issued share capital	52,500	-	-	52,500
Profit for the year	-	-	1,083,631	1,083,631
Dividends paid	-	-	(1,200,000)	(1,200,000)
At 1 November 2011	<u>100,000</u>	<u>32,500</u>	<u>9,267,730</u>	<u>9,400,230</u>
Profit for the year	-	-	1,653,995	1,653,995
Dividends paid	-	-	(50,000)	(50,000)
At 31 October 2012	<u>100,000</u>	<u>32,500</u>	<u>10,871,725</u>	<u>11,004,225</u>

Notes to the financial statements

at 31 October 2012

16. Reconciliation of equity and movements on reserves (continued)

Company

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 November 2010	47,500	32,500	7,700,287	7,780,287
Issued share capital	52,500	-	-	52,500
Profit for the year	-	-	734,168	734,168
Dividends paid	-	-	(1,200,000)	(1,200,000)
At 1 November 2011	100,000	32,500	7,234,455	7,366,955
Profit for the year	-	-	1,033,268	1,033,268
Dividends paid	-	-	(50,000)	(50,000)
At 31 October 2012	100,000	32,500	8,217,723	8,350,223

17. Notes to the statement of cash flows

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

	2012 £	2011 £
Operating profit	986,656	559,460
Depreciation	629,972	625,521
Decrease/(increase) in stocks	1,387	(1,078)
Increase in debtors	(2,918,414)	(1,947,881)
Increase/(decrease) in creditors	5,853,676	(2,542,502)
Profit on disposal of tangible fixed assets	(10,177)	(1,000)
Net cash inflow/(outflow) from operating activities	4,543,100	(3,307,480)

Notes to the financial statements

at 31 October 2012

17. Notes to the statement of cash flows (continued)

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

	2012 £	2011 £
Returns on investment and servicing of finance		
Bank interest received	1,196,232	967,343
	<u> </u>	<u> </u>
	2012 £	2011 £
Taxation		
Corporation tax paid	(424,612)	(653,065)
	<u> </u>	<u> </u>
	2012 £	2011 £
Capital expenditure and financial investment		
Payment to acquire tangible fixed assets	(432,256)	(855,516)
Receipts from sales of tangible fixed assets	27,233	1,420
	<u> </u>	<u> </u>
	(405,023)	(854,096)
	<u> </u>	<u> </u>
	2012 £	2011 £
Financing		
Issue of ordinary share capital	-	52,500
	<u> </u>	<u> </u>

(c) Analysis of changes in net funds

	At 1 November 2011 £	Cash flow £	Other changes £	At 31 October 2012 £
Cash at bank and in hand	41,731,887	4,859,697	-	46,591,584
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18. Capital commitments

At 31 October 2012 there were no capital commitments contracted for but not provided in the financial statements (2011 – £nil)

19. 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. At 31 October 2012 there were no unpaid contributions outstanding (2011 – £Nil)

Notes to the financial statements

at 31 October 2012

20. Other financial commitments

At 31 October 2012 the group had annual commitments under non-cancellable operating leases as set out below

	<i>Land and buildings</i>	
	<i>2012</i>	<i>2011</i>
	£	£
Operating leases which expire		
Within one year	401,524	87,029
In two to five years	288,790	408,735
In over five years	-	229,100
	<u>690,314</u>	<u>724,864</u>

21. 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>2012</i>	<i>2011</i>
<i>Expiry date</i>	£	£
30 March 2012	-	230,000
1 April 2012	-	555,000
31 May 2012	-	1,065,000
6 August 2012	-	101,000
28 September 2012	-	500,000
10 October 2012	-	500,000
31 March 2013	2,350,000	-
2 April 2013	163,338	-
6 August 2013	80,000	-
24 September 2013	20,000	-
28 September 2013	250,000	-
1 October 2013	30,000	-

22. 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

23. 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)