

Hays Travel Limited

Report and Group Financial Statements

31 October 2015

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COMPANIES HOUSE

Directors

John Hays
Jane Schumm
Marta Fernandez Varona
Jonathan Hays
Irene Hays (Non-executive)

Auditor

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

Bankers

Barclays Bank PLC
53 Fawcett Street
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SR1 1SD

Solicitors

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Time Central
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25 Vine Place
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Chairman's Statement

I am pleased to present the report and consolidated financial statements of Hays Travel Limited ('the Company') and its subsidiary undertakings, together known as the Hays Group of Companies ('the Group'), for the year ended 31 October 2015.

The year has seen the culmination of the integration process of our retail business following the acquisition of Bath Travel in October 2013, with the amalgamation of our North and South retail divisions under the Hays Travel brand name and under a single retail organisation structure.

We continued generating significant benefits through the cross selling of products in the Group's outlets, mainly foreign currency and our own tour operating products. Both Hays Foreign Exchange Limited and Hays Tour Operating Limited have achieved significant growth in both sales and profits in this financial year.

The Board has confidence in the market opportunity for its core businesses, which is supported by the significant growth in both the Group's tour operating and retail businesses in 2015 despite geopolitical challenges that the sector faces.

The Group's volume of business grew, with the gross value of sales increasing by 7.4% to £832.2m (2014 - £775.1m), and 21% up in turnover to £306.0m (2014 - £253.1m) and profit before tax was £6.8m (2014 - £3.3m). Group net current assets increased by £4.9m (2014 - £1.1m) thanks to the profit generated in the year and the sale of a property held by Hays Property Services Limited partially offset by £1.6m capital investment.

Very positively, we ended the financial year with £29m (2014 - £21.5m) of commissions earned for bookings departing in 2016 which will be brought into the profit and loss account in the next financial year.

Prospects for the forthcoming year are encouraging with a strong performance in the first three months from the Group's core businesses which augurs well for the financial year ending 31 October 2016.

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. In addition I am very pleased with the incorporation of the Hays Travel Foundation as a registered charity in December 2014, which devotes the resources to fund organisations that support local people, specifically young people, to help them achieve their potential, improve their quality of life and support them to achieve their goals, whether this is their health, sport, art or education.

We are also very proud to have achieved the Gold Standard Award from Investors in People (IIP) in October 2015 and to be recognised within The Sunday Times Best Top 100 Companies to Work For in the United Kingdom.

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



John Hays
Chairman

29 February 2016

Strategic Report

Principal activity and review of the business

The Group's principal activity during the year continued to be that of a travel agent, operating 117 retail outlets and 3 call centres in 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 201 branches.

The Directors believe that market conditions will continue to be favourable and therefore remain confident that trading prospects moving forward are positive and that the business is well placed for the future.

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

	2015	2014
	£	£
Gross value of sales	832,224,076	775,063,248
Turnover	305,983,589	253,055,459
Profit after tax	5,497,262	2,716,672
Shareholders' funds	19,073,290	13,942,028
Current assets as % of current liabilities	105%	101%
Average number of employees	977	922

As at 31 October 2015 there were commissions totalling £28,983,599 (2014 - £21,453,173) which related to holidays booked in the year but, in line with the Group accounting policy, the commissions have not yet been brought into the Group profit and loss account.

Principal risks and uncertainties

The Board meets regularly and evaluates the Group's risk position. The principal risks and uncertainties facing the Group are detailed below.

The Group's principal financial investments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the Group's operating activities.

The main risks associated with the Group's financial assets and liabilities are set out below.

Interest rate risk

The Group invests surplus cash in a floating rate interest yielding bank deposit account. The Group's interest income is therefore affected by movements in interest rates.

Credit risk

The Group has external debtors; however, the Group undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

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.

Strategic Report

Principal risks and uncertainties (continued)

Regulation changes and competition

The sale of travel and holiday arrangements is a competitive and highly regulated industry. The Group seeks to manage the associated risks by constantly monitoring changes and adapting its business model and terms of trade as necessary.

Other general factors

The Group is also exposed to other factors common to the majority of businesses such as the need to recruit and retain suitable staff, an increasing reliance on computer systems and technology, and the protection of the reputation and good name of the business. Significant adverse experience or events in relation to any of these factors could impact upon the Group's trading performance and financial position.

On behalf of the Board



John Hays
Director

29 February 2016

Directors' Report

The Directors present their report and Group financial statements for the year ended 31 October 2015.

Results and dividends

The Group profit for the year, after taxation, amounted to £5,497,262 (2014 - £2,716,672). No dividends were paid during the year (2014 - £nil).

Going concern

The Directors have considered the Group's current and future prospects and its availability of financing, and are satisfied that the Group can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis of preparation for these financial statements.

Directors

The Directors who served the Company during the year and those appointed subsequently were as follows:

John Hays
Jane Schumm
Irene Hays
Andrea Kendal (resigned 11 May 2015)
Marta Fernandez Varona
Jonathan Hays (appointed 1 October 2015)

Mrs I Hays served as a non-executive Director.

Future developments

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

Disabled employees

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

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

Employee involvement

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

The Company is proud to have achieved the Gold Standard Award from Investors in People (IIP) in October 2015.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Report

Auditor

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

On behalf of the Board

A handwritten signature in black ink, appearing to read 'J Hays', written in a cursive style.

John Hays
Director

29 February 2016

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Hays Travel Limited

We have audited the financial statements of Hays Travel Limited for the year ended 31 October 2015 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 25. 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 in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 October 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the members of Hays Travel Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

29 February 2016

Group profit and loss account

for the year ended 31 October 2015

		2015	Restated 2014
	Notes	£	£
Gross value of sales	2	832,224,076	775,063,248
Turnover	2	305,983,589	253,055,459
Operating expenses	3	(300,046,350)	(250,967,321)
Other operating income – amortisation of (positive)/ negative goodwill	9	(235,099)	398,538
– rental and other income		295,154	521,685
Share of operating profit in associate	11	266,000	-
Operating profit	4	6,263,294	3,008,361
Bank and other interest receivable		470,750	404,694
Other finance income (pension scheme)	21	154,000	158,000
Bank interest payable		(20)	(5,864)
Loss on disposal of fixed assets		(61,390)	(264,979)
Profit on ordinary activities before taxation		6,826,634	3,300,212
Tax on profit on ordinary activities, including share of tax in associate	7	(1,329,372)	(583,540)
Profit for the financial year	18	5,497,262	2,716,672

All activities are continuing.

Group statement of total recognised gains and losses

for the year ended 31 October 2015

		2015	2014
	Notes	£	£
Profit for the financial year		5,497,262	2,716,672
Actuarial loss related to pension scheme	21	(496,000)	(906,000)
Deferred tax thereon		26,000	109,000
Surplus cap applied to pension scheme asset		104,000	346,000
Total recognised gains relating to the year		5,131,262	2,265,672

Group balance sheet

at 31 October 2015

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	9	931,516	1,164,395
Tangible assets	10	12,071,802	11,840,471
Investment in associate	11	211,267	-
		<u>13,214,585</u>	<u>13,004,866</u>
Current assets			
Stocks	12	2,225	1,844
Debtors	13	49,745,736	28,915,733
Cash at bank and in hand	19(c)	70,805,475	47,810,339
		<u>120,553,436</u>	<u>76,727,916</u>
Creditors: amounts falling due within one year	14	(114,689,247)	(75,731,161)
Net current assets		<u>5,864,189</u>	<u>996,755</u>
Total assets less current liabilities		<u>19,078,774</u>	<u>14,001,621</u>
Provision for liabilities and charges			
Deferred taxation	15	(5,484)	(9,593)
Other provisions	16	-	(50,000)
Net assets		<u>19,073,290</u>	<u>13,942,028</u>
Capital and reserves			
Called up share capital	17	100,000	100,000
Capital redemption reserve	18	32,500	32,500
Profit and loss account	18	18,940,790	13,809,528
Total equity shareholders' funds	18	<u>19,073,290</u>	<u>13,942,028</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29 February 2016 and signed on their behalf by:

John Hays
Director

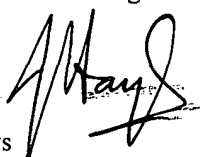


Company balance sheet

at 31 October 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	10	3,249,118	2,599,389
Investments	11	8,758,168	8,758,168
		<u>12,007,286</u>	<u>11,357,557</u>
Current assets			
Stocks	12	2,225	1,844
Debtors	13	14,249,988	16,326,056
Cash at bank and in hand		41,874,912	31,589,703
		<u>56,127,125</u>	<u>47,917,603</u>
Creditors: amounts falling due within one year	14	(54,320,616)	(48,090,293)
Net current assets/(liabilities)		<u>1,806,509</u>	<u>(172,690)</u>
Total assets less current liabilities		<u>13,813,795</u>	<u>11,184,867</u>
Net assets		<u>13,813,795</u>	<u>11,184,867</u>
Capital and reserves			
Called up share capital	17	100,000	100,000
Capital redemption reserve	18	32,500	32,500
Profit and loss account	18	13,681,295	11,052,367
Total equity shareholders' funds	18	<u>13,813,795</u>	<u>11,184,867</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29 February 2016 and signed on their behalf by:


 John Hays
 Director

Group statement of cash flows

for the year ended 31 October 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	19(a)	24,851,437	8,923,764
Returns on investment and servicing of finance	19(b)	470,731	398,830
Taxation	19(b)	(984,196)	(438,741)
Capital expenditure and financial investment	19(b)	(1,342,836)	(2,209,898)
Equity dividends paid		-	-
Increase in cash	19(c)	22,995,136	6,673,955

Reconciliation of net cash flow to movement in net funds

for the year ended 31 October 2015

	Notes	2015 £	2014 £
Increase in cash	19(c)	22,995,136	6,673,955
Net funds at 1 November	19(c)	47,810,339	41,136,384
Net funds at 31 October	19(c)	70,805,475	47,810,339

Notes to the financial statements

at 31 October 2015

1. Accounting policies

Accounting convention

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

A reclassification of operating expenses and other operating income of £582,731 was made to the 2014 comparative figures to enable a more meaningful comparison with 2015 figures, following changes to rental income classifications. There is no impact on operating profit or the result for the year.

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 2015. No profit and loss account is presented for Hays Travel Limited as permitted by Section 408 of the Companies Act 2006.

Goodwill

Goodwill, being the excess of acquisition consideration over the fair value of assets and liabilities acquired, is capitalised on the balance sheet. This is amortised through the profit and loss account over its useful economic life.

Negative goodwill arises when the fair value of assets and liabilities acquired exceeds the acquisition consideration paid. This is recognised as income over its useful economic life.

Investments

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

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

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

Tangible fixed assets

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

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

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

The depreciation rates applied to assets in Hays Property Services Limited differ to those stated above, however this has had no material impact in the Group financial statements.

Stocks

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

Deferred taxation

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

Notes to the financial statements

at 31 October 2015

1. Accounting policies (continued)

Deferred taxation (continued)

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

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. In line with industry practice, foreign currencies held by the Group are included as cash.

Leases

Assets held under finance leases are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful economic lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding. Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

Assets owned by the Company which are sub-let to other parties under operating leases, where the Company is the lessor, are included in fixed assets at cost or valuation and are depreciated over their estimated useful economic lives. Rental income from operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease.

Pensions

For defined contribution pension schemes operated by the Company, the amounts charged to the profit and loss account are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown in the balance sheet as either accruals or prepayments. The defined benefit pension scheme is funded, with the assets of the scheme held separately from those of the Company in separate trustee administered funds. Pension scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method, in accordance with FRS17, and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately on the face of the balance sheet after other net assets.

2. Turnover

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

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

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

Notes to the financial statements

at 31 October 2015

3. Operating expenses

	2015	Restated 2014
	£	£
Cost of sales	271,174,132	225,338,244
Distribution costs	2,102,680	1,722,567
Administrative expenses	26,769,538	23,906,510
	<u>300,046,350</u>	<u>250,967,321</u>

4. Operating profit

This is stated after charging/(crediting):

	2015	2014
	£	£
Auditor's remuneration – audit services		
– Ernst & Young LLP	73,787	67,900
– Mazars LLP	-	28,000
Auditor's remuneration – non-audit services		
– Ernst & Young LLP – regulatory compliance work	20,450	12,650
– Mazars LLP – corporation tax compliance	-	3,400
– Mazars LLP – other services	6,250	2,000
Depreciation of owned fixed assets	1,047,895	891,998
Amortisation of goodwill	235,099	15,000
Amortisation of negative goodwill	-	(398,538)
Operating lease rentals – land and buildings	1,527,269	1,448,061
	<u>1,527,269</u>	<u>1,448,061</u>

5. Directors' emoluments

	2015	2014
	£	£
Emoluments	460,277	394,325
Company contributions paid to money purchase schemes	949	930
	<u>949</u>	<u>930</u>
	No.	No.
Members of money purchase pension schemes	-	-
	<u>-</u>	<u>-</u>

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

	2015	2014
	£	£
Emoluments	142,254	120,000
Company contributions paid to money purchase pension schemes	363	-
	<u>363</u>	<u>-</u>

Notes to the financial statements

at 31 October 2015

6. Staff costs

	2015	2014
	£	£
Wages and salaries	16,971,109	16,117,815
Social security costs	1,173,808	1,093,098
Defined benefit pension scheme current service cost (note 21)	78,000	106,000
	<u>18,222,917</u>	<u>17,316,913</u>

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

	2015	2014
	No.	No.
Sales and administration	977	922

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015	2014
	£	£
<i>Current tax:</i>		
UK corporation tax on profit for the year	1,431,481	649,837
Adjustments in respect of previous years	(98,000)	(44,796)
Total current tax (note 7(b))	<u>1,333,481</u>	<u>605,041</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(4,109)	(21,501)
Total deferred tax	<u>(4,109)</u>	<u>(21,501)</u>
Tax on profit on ordinary activities	<u>1,329,372</u>	<u>583,540</u>

Notes to the financial statements

at 31 October 2015

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 20.4% (2014 - 21.8%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	6,826,634	3,300,212
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.4% (2014 - 21.8%)	1,392,633	720,350
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(21,215)	(107,156)
Capital allowances for period less than depreciation	60,063	47,686
Tax relief	-	(11,043)
Adjustments to tax charge in respect of previous years	(98,000)	(44,796)
Current tax for year including share of tax in associate (note 7(a))	1,333,481	605,041

(c) Factors that may affect future tax charges

The Group has no carried forward tax losses. The UK Government reduced the UK corporation tax rate to 20% on 1 April 2015. A rate of 20.4% therefore applies to current tax liabilities arising during the period.

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 £2,994,928 (2014 - £74,037).

Notes to the financial statements

at 31 October 2015

9. Intangible fixed assets

	<i>Goodwill arising on acquisition £</i>	<i>Purchased goodwill £</i>	<i>Total £</i>
Cost:			
At 1 November 2014	1,164,395	193,578	1,357,973
Additions	-	2,220	2,220
At 31 October 2015	1,164,395	195,798	1,360,193
Amortisation:			
At 1 November 2014	-	193,578	193,578
Charge in the year	232,879	2,220	235,099
At 31 October 2014	232,879	195,798	428,677
Net book value:			
At 31 October 2015	931,516	-	931,516
At 1 November 2014	1,164,395	-	1,164,395

Goodwill arising from the purchase of 40% of Just Go Travel Limited is being amortised over 5 years.

Notes to the financial statements

at 31 October 2015

10. Tangible fixed assets

<i>Group</i>	<i>Short leasehold property</i>	<i>Long term leasehold property</i>	<i>Land, buildings & improvements</i>	<i>Office equipment</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Computer equipment & software</i>	<i>Assets under construction</i>	<i>Total</i>
	£	£	£	£	£	£	£	£	£
Cost:									
At 1 November 2014	743,406	250,000	10,764,087	901,682	1,430,176	457,893	1,077,772	-	15,625,016
Additions	626,013	-	-	268,440	136,035	51,857	174,731	358,417	1,615,493
Disposals	(43,794)	-	(240,000)	(6,366)	(58,165)	(40,187)	(925)	-	(389,437)
Disposals - nil NBV	(12,729)	-	-	(79,701)	(133,797)	-	(236,664)	-	(462,891)
At 31 October 2015	1,312,896	250,000	10,524,087	1,084,055	1,374,249	469,563	1,014,914	358,417	16,388,181
Depreciation:									
At 1 November 2014	507,319	10,199	1,080,201	357,008	892,773	339,415	597,630	-	3,784,545
Charged in the year	176,374	3,597	174,107	229,932	200,058	59,318	204,509	-	1,047,895
Disposals	(7,344)	-	(4,280)	(822)	(7,134)	(33,590)	-	-	(53,170)
Disposals - nil NBV	(12,729)	-	-	(79,701)	(133,797)	-	(236,664)	-	(462,891)
At 31 October 2015	663,620	13,796	1,250,028	506,417	951,900	365,143	565,475	-	4,316,379
Net book value:									
At 31 October 2015	649,276	236,204	9,274,059	577,638	422,349	104,420	449,439	358,417	12,071,802
At 1 November 2014	236,087	239,801	9,683,886	544,674	537,403	118,478	480,142	-	11,840,471

at 31 October 2015

10. Tangible fixed assets (continued)

Company

	Short F'hold land leasehold buildings & improvement improvements	Office equipment fittings	Motor vehicles	Computer equipment & software	Construction	Total
	£	£	£	£	£	£
Cost:						
At 1 November 2014	233,605	1,648,634	921,820	709,857	416,333	949,018
Additions	626,014	-	268,440	122,189	51,857	172,481
Disposals	(43,794)	-	(6,366)	(58,165)	(40,187)	(925)
Disposals - nil NBV	(12,729)	-	(77,229)	(132,588)	-	(195,474)
Transfers from group undertakings	-	-	(44,183)	200,208	29,372	21,515
At 31 October 2015	803,096	1,648,634	1,062,482	841,501	457,375	946,615
Depreciation:						
At 1 November 2014	106,648	716,543	349,245	328,079	303,042	476,321
Charged during the year	157,958	53,798	225,825	157,736	54,377	199,431
Disposals	(7,344)	-	(823)	(7,134)	(33,590)	-
Disposals - nil NBV	(12,729)	-	(77,229)	(132,588)	-	(195,474)
Transfers from group undertakings	-	-	-	156,023	29,372	21,515
At 31 October 2015	244,533	770,341	497,018	502,116	353,201	501,793
Net book value:						
At 31 October 2015	558,563	878,293	565,464	339,385	104,174	444,822
						358,417
At 1 November 2014	126,957	932,091	572,575	381,778	113,291	472,697
						-
						2,599,389

Notes to the financial statements

at 31 October 2015

11. Investments

Group

	£
At 1 November 2014	-
Share of profit retained by associate	211,267
At 31 October 2015	211,267

Company

	Investments £
Cost as at 1 November 2014 and 31 October 2015	8,758,168

Included in costs of investments above is £1,164,395 relating to associated undertakings.

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

Name of company	Holding	Proportion of shares held	Nature of business
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
Hays Property Services Limited (formerly R E Bath Travel Service Limited)	Ordinary shares	100%	Investment property
Hays Travel Ireland Limited	Ordinary shares	100%	Travel agency

Tappers Travel Service Limited is a 100% owned subsidiary of Hays Property Services Limited. All subsidiary undertakings are companies registered in England and Wales apart from Hays Travel Ireland Limited which is registered in the Republic of Ireland.

Hays Travel Ireland Limited was incorporated on 17 August 2015, and has not traded.

Associate Investments

Name of company	Holding	Proportion of shares held	Nature of business
Just Go Travel Limited	Ordinary shares	40%	Travel agency

Notes to the financial statements

at 31 October 2015

11. Investments (continued)

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

At 31 October 2015 the dividend has been fully paid to Hays Travel Limited.

The group has accounted for its share of the associate's profit and movement in net assets as of 31 October 2015 for a total value of £211,267.

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

	2015 £	2014 £
Fixed assets	88,163	96,133
Current assets	348,132	657,910
Share of gross assets	436,295	754,043
Liabilities due within one year	(225,028)	(754,043)
Share of gross liabilities	(225,028)	(754,043)
Share of net assets	211,267	-
	<u>211,267</u>	<u>-</u>
	2015 £	2014 £
Share of turnover	1,230,570	-
	<u>1,230,570</u>	<u>-</u>
Share of profit before tax	266,000	-
Share of taxation	(54,733)	-
Share of profit after tax	211,267	-
	<u>211,267</u>	<u>-</u>

12. Stocks

	2015 £	Group 2014 £	2015 £	Company 2014 £
Consumable stocks	2,225	1,844	2,225	1,844
	<u>2,225</u>	<u>1,844</u>	<u>2,225</u>	<u>1,844</u>

Notes to the financial statements

at 31 October 2015

13. Debtors

	2015	Group 2014	2015	Company 2014
	£	£	£	£
Trade debtors	31,434,256	15,355,740	1,609,951	1,933,327
Amounts due from subsidiary undertakings	-	-	4,502,520	6,381,005
Amounts due from associate undertaking	2,560,701	191,425	2,560,701	191,425
Other debtors	14,227,278	10,129,920	4,208,105	4,735,496
Prepayments and accrued income	1,523,501	3,238,648	1,283,952	2,967,835
Corporation tax recoverable	-	-	84,759	116,968
	<u>49,745,736</u>	<u>28,915,733</u>	<u>14,249,988</u>	<u>16,326,056</u>

14. Creditors: amounts falling due within one year

	2015	Group 2014	2015	Company 2014
	£	£	£	£
Trade creditors	96,050,375	66,533,519	37,394,414	31,448,404
Amounts due to associate undertakings	2,514,436	25,480	2,480,945	-
Amounts due to subsidiary undertakings	-	-	12,227,680	13,610,440
Corporation tax	602,750	308,197	-	-
Other taxes and social security costs	77,395	441,109	537,843	1,816,761
Other creditors	40,741	203,782	13,993	53,648
Accruals and deferred income	15,403,550	8,019,074	1,665,741	961,040
Deferred consideration	-	200,000	-	200,000
	<u>114,689,247</u>	<u>75,731,161</u>	<u>54,320,616</u>	<u>48,090,293</u>

15. Deferred taxation

The provision for deferred taxation is made up as follows:

	2015	Group 2014	2015	Company 2014
	£	£	£	£
Accelerated capital allowances	5,484	9,593	-	-

Notes to the financial statements

at 31 October 2015

16. Provisions

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	£	£	£	£
At 1 November 2014	50,000	50,000	-	-
Released in the year	(50,000)	-	-	-
At 31 October 2015	-	50,000	-	-

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

17. Issued share capital

	<i>2015</i>	<i>2014</i>
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100,000	100,000

18. Reconciliation of equity and movements on reserves

Group

	<i>Share capital</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£
At 1 November 2013	100,000	32,500	11,543,856	11,676,356
Profit for the year	-	-	2,716,672	2,716,672
Other recognised gains and losses during the year	-	-	(451,000)	(451,000)
At 1 November 2014	100,000	32,500	13,809,528	13,942,028
Profit for the year	-	-	5,497,262	5,497,262
Other recognised gains and losses during the year	-	-	(366,000)	(366,000)
At 31 October 2015	100,000	32,500	18,940,790	19,073,290

Notes to the financial statements

at 31 October 2015

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

Company

	<i>Share capital £</i>	<i>Capital redemption reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 November 2013	100,000	32,500	11,429,330	11,561,830
Profit for the year	-	-	74,037	74,037
Other recognised gains and losses during the year	-	-	(451,000)	(451,000)
At 1 November 2014	100,000	32,500	11,052,367	11,184,867
Profit for the year	-	-	2,994,928	2,994,928
Other recognised gains and losses during the year	-	-	(366,000)	(366,000)
At 31 October 2015	100,000	32,500	13,681,295	13,813,795

19. Notes to the Group statement of cash flows

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

	<i>2015 £</i>	<i>2014 £</i>
Operating profit (before share of associate)	5,997,294	3,008,361
Depreciation	1,047,895	891,998
Amortisation of goodwill	235,099	15,000
Amortisation of negative goodwill	-	(398,538)
(Increase) / decrease in stocks	(381)	16,256
Increase in debtors	(20,833,466)	(3,086,729)
Increase in creditors	38,666,996	8,761,465
Decrease in provisions	(50,000)	-
Loss on disposal of tangible fixed assets	-	8,951
Difference between current service pension costs and cash paid	(212,000)	(293,000)
Net cash inflow from operating activities	24,851,437	8,923,764

Notes to the financial statements

at 31 October 2015

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

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

	2015 £	2014 £
Returns on investment and servicing of finance		
Interest received	470,750	404,694
Interest paid	(19)	(5,864)
	<u>470,731</u>	<u>398,830</u>
	2015 £	2014 £
Taxation		
Corporation tax paid	(984,196)	(438,741)
	<u></u>	<u></u>
	2015 £	2014 £
Capital expenditure and financial investment		
Payments to acquire investment in subsidiary undertaking	-	(27,388)
Payments to acquire investment in associated undertaking	-	(2,467,878)
Payments to acquire intangible fixed assets	(2,220)	(15,000)
Payment to acquire tangible fixed assets	(1,615,493)	(773,955)
Receipts from sales of tangible fixed assets	274,877	1,074,323
	<u>(1,342,836)</u>	<u>(2,209,898)</u>

(c) Analysis of changes in net funds

	At 1 November 2014 £	Cash flow £	At 31 October 2015 £
Cash at bank and in hand	47,810,339	22,995,136	70,805,475

20. Capital commitments

At 31 October 2015 there were no capital commitments contracted for but not provided in the financial statements (2014 - £nil).

Notes to the financial statements

at 31 October 2015

21. Pension commitments

The Group operates a number of defined contribution schemes. The assets of the scheme are held separately from those of the Group in an independently administered fund. At 31 October 2015 there were no unpaid contributions outstanding (2014 - £Nil).

The Group also operates a defined benefit pension scheme for certain employees. The last full actuarial valuation of the scheme was carried out as at 1 December 2012, and this has been updated to 31 October 2015 by the scheme actuary.

The pension scheme has not invested in any of the group companies.

There are no amounts recognised in the balance sheet:

	2015 £	2014 £
Present value of funded obligations	(7,403,000)	(7,678,000)
Fair value of scheme assets	7,412,000	7,817,000
Surplus in scheme	9,000	139,000
Related deferred tax asset	(1,800)	(27,800)
Surplus cap	(7,200)	(111,200)
	-	-

The Company decided to adopt a prudent criteria by capping the defined benefit pension scheme asset which was calculated at 31 October 2015. A surplus cap of £7,200 has therefore been accounted for at 31 October 2015.

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

	2015 £	2014 £
Current service cost (note 6)	78,000	106,000
Interest on obligation	294,000	322,000
Expected return on scheme assets	(448,000)	(480,000)
Total	(76,000)	(52,000)
Actual return on scheme assets	306,000	124,000

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

	2015 £	2014 £
Opening defined benefit obligation	7,678,000	7,004,000
Current service cost	78,000	106,000
Interest cost	294,000	322,000
Actuarial loss	354,000	550,000
Benefits paid	(1,001,000)	(304,000)
Closing defined benefit obligation	7,403,000	7,678,000

Notes to the financial statements

at 31 October 2015

21. Pension commitments (continued)

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

	2015 £	2014 £
Opening fair value of scheme assets	7,817,000	7,598,000
Expected return on assets	448,000	480,000
Actuarial loss	(142,000)	(356,000)
Contributions to the scheme	290,000	399,000
Benefits paid	(1,001,000)	(304,000)
Closing fair value of scheme assets	7,412,000	7,817,000

The Group is expected to contribute approximately £300,000 to the scheme in the year to 31 October 2016.

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

	2015	2014
Equities	82%	87%
Bonds	12%	10%
Cash	6%	3%

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

	2015	2014
Discount rate	3.90%	4.10%
Retail price inflation (RPI)	3.00%	2.95%
Consumer price inflation (CPI)	2.00%	1.95%
Salary increase rate	3.00%	2.85%
Pension increases – CPI maximum 5.0%	2.00%	1.95%
Pension increases – CPI maximum 2.5%	1.80%	1.80%
Deferred pension revaluation – CPI 5.0% cap	2.00%	1.95%
Deferred pension revaluation – CPI 2.5% cap	2.00%	1.95%
Expected return on scheme assets	6.00%	6.00%

The overall expected long term return on scheme assets is a weighted average of the expected long term returns for equity securities, debt securities and other assets.

Mortality follows the standard table known as S1PA, using 110% of the base table with the CMI_2014 mortality projections with a long term rate of improvement of 1.25%. The mortality assumptions used at the previous year end followed the standard table known as S1PA, using 110% of the base table with the CMI-2013 mortality projections with a long term rate of improvement of 1.25%.

Assuming retirement at age 65, the life expectancies in years are as follows:

	2015	2014
For a male aged 65 now	21.7	21.7
At 65 for a male member aged 45 now	23.3	23.4
For a female aged 65 now	23.9	23.9
At 65 for a female member aged 45 now	25.8	25.8

Experience losses on scheme liabilities were £109,000 (2014: £nil) and experience gains on scheme assets were £142,000 (2014: £nil).

Notes to the financial statements

at 31 October 2015

22. Other financial commitments

At 31 October 2015 the Group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>			<i>Other</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	£	£	£	£
Operating leases which expire:				
Within one year	488,714	530,114	-	482
In two to five years	494,886	443,280	-	7,829
In over five years	649,300	521,250	-	-
	<u>1,632,900</u>	<u>1,494,644</u>	<u>-</u>	<u>8,311</u>

23. Contingent liabilities

Bonds have been provided to RBS and BA Lime. 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>2015</i>	<i>2014</i>
<i>Expiry date</i>	£	£
15 November 2014	-	1,683,000
4 September 2015	-	55,000
1 October 2015	-	30,000
1 June 2016	675,000	-
1 October 2016	525,000	-
Ongoing	25,000	25,000

24. Related party transactions

The Company has taken advantage of the exemption under FRS8 'Related Party Disclosures' not to disclose details of intra Group transactions with wholly owned entities of the Group. There are no other transactions which are required to be disclosed under the terms of FRS 8.

During the current year, the Group made gross sales of £28,658,245 (2014 - £2,143,133) to Just Go Travel Limited, a company in which the Group has a 40% shareholding. These transactions were on normal commercial terms. The balance owed at 31 October 2015 by the Group was £2,514,436 (2014 - £25,480) being commissions payable on gross sales, and £2,560,701 (2014 - £191,425) owed to the Group and company.

25. 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).