Registered No. 1990682

Hays Travel Limited

Report and Group Financial Statements

31 October 2019

Directors

John Hays
Jane Schumm
Marta Fernandez Varona (resigned on 15 November 2019)
Jonathan Hays (resigned on 17 July 2019)
Claire Maith (appointed on 15 November 2019)
Gillian Tiplady (appointed on 2 January 2020)
Irene Hays (Non-executive)

Auditor

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

Gilbridge House, Keel Square
Sunderland
Tyne and Wear
United Kingdom
SR1 3HA

Chair's Report

I am pleased to present the report and consolidated financial statements for 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 2019.

It was a turbulent year for the travel industry, with the collapse of Thomas Cook on 23 September 2019. On 8 October 2019, the Hays Travel Group, acquired a 9 month licence to occupy (with the option to extend to 12 months) the former Thomas Cook 555 retail shops and acquired the retail customer database for total consideration of £7.4m.

The acquisition represented a transformational change for the Group. We have since on-boarded an additional 2,500 colleagues into the retail shops and Head Office to support the enlarged business. 2,000 of these were previously employed by Thomas Cook. The majority of the Thomas Cook shops were profitable and we see significant opportunities in driving economies of scale to reduce costs and improve commercial revenue margins. The combined strengths of our existing and newly acquired business will deliver growth and enhanced profitability in the medium to long term.

The first few months post acquisition, were spent recruiting and training colleagues and setting up the infrastructure in the shops. We are heartened that in the peak periods of January and February 2020, the acquisitions as a whole performed well.

In August 2019, we opened our new Head Office, Gilbridge House in Sunderland and initially transferred all of our Head Office colleagues from four locations in the city, to be under one roof.

Colleague engagement is at the core of the Hays Travel business and we continue to be recognised by Investors in People, as a Silver status employer as well as being a Sunday Times Best 100 Companies to work for in the United Kingdom.

In the financial year, our apprenticeship programme, continued to grow. We now have 244 apprentices on-board. 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, the Group continues to support local communities where it has retail shops through our Local Community Partnerships. The Hays Travel Foundation continues to fund organisations to help young people to achieve and be the best they can be, in their health, sport, the arts and education.

Looking to the future, in March 2020, the industry once again entered uncharted territory, as the travel sector and businesses around the world became severely impacted by the Coronavirus, strain Covid-19. On 17 March 2020 the Foreign and Commonwealth Office, advised UK citizens against all but essential travel abroad, grounding the majority of flights. On 23 March 2020 the UK Government implemented ''lock down'' measures which led to the closure of all Hays stores. At the time of writing this report, the FCO advice is for a continuation of that advice for an indefinite period and our stores remain closed with no date for when these may reopen. Current indications from the within the industry are that the current "no fly" restrictions are expected to remain in place until 30 June 2020.

From Hays Travels' perspective, we believe we start from a strong position. We have a tightly controlled and well-funded Balance Sheet with no debt or overdraft facilities. Our business model allows for the flexible management of our cost base and control of cash flows given that it predominantly operates as an agent and the nature of our property portfolio following the Thomas Cook acquisition. Furthermore the business has an established and experienced management team who have previous experience of navigating through times of challenge and taking remedial action where necessary.

Non-essential costs have been reduced and the company is taking advantage of the Government's Job Retention Scheme. In addition, we are receiving a 12-month holiday on the business rates for all of our shops and claiming Government grants. We have adapted well to win key government contracts to improve cash flow and allow us to service our Hays Travel customers.

Chair's Report

The Board recognises that the next year is going to be one of the most challenging for the business in its 40-year history, however, we are confident that we have a strong Balance Sheet and a robust plan in place. With strong governance, as well as the capability and strength of our colleagues we will support our customers and our country at this difficult time.

I. Hays

Irene Hays
Chair
1 May 2020

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 579 retail outlets and three call centres. Following the acquisition of the former Thomas Cook shops, the business now has a presence in England, Scotland, Wales and Northern Ireland. 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 279 branches.

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

	2019	*2018 Restated (Note 25)*
	£'000	*£'000*
Total Transaction Value	1,125,547	1,036,909
Turnover	240,603	218,445
Profit before taxation and exceptional items	4,861	11,592
Profit after tax	1,919	9,259
Shareholders' funds	49,526	47,622
Current assets as % of current liabilities	119%	129%
Average number of employees	1,465	1,315

In the year, the Group generated a profit before taxation and exceptional items of £4.9m in comparison to £11.6m in the previous financial year. Overall, this represents a reduction of £6.7m year on year.

On 8 October 2019, the Group entered into a licence to occupy 555 former Thomas Cook shops for a period of 9 months with an option to extend to 12 months. Within the trading period from 8 October to 31 October 2019 the Group incurred costs of £3.4m relating to these new branches. However, only earned commission of £0.15m for the same period. The costs incurred of £3.4m are reflective of rent, rates, service charges and employee costs whilst the Group were preparing the shops for re-opening. This is a one off acquisition cost whereby the Group have incurred expenditure but recognised minimal revenue.

In addition to the above, the impact of the failure of Thomas Cook contributed to a 10.2% reduction in overall profit during the year.

The adjusted profits taking into consideration this one off acquisition cost and loss of profit represent £8.8m in comparison to £11.6m in the previous financial year, a year on year reduction of £2.8m.

As at 31 October 2019 there were commissions totalling £12.0m (2018 restated - £9.1m) which related to holidays booked in the year with a departure date post year-end, where the Group is the principal tour operator. In such instances, in line with the Group accounting policy, the commission is recognised as deferred income in the balance sheet until the holiday departure date.

Strategic Report

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 and loans advanced to Independence Group members. 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.

Coronavirus

Since March 2020 the travel industry has been significantly impacted by the Coronavirus COVID-19. The impact on the global economy and the timescales for recovery are currently uncertain, including whether there will be a resurgence of the virus when current restrictions are lifted necessitating restrictions to be reimposed. The Foreign and Commonwealth Office has advised UK nationals against all but essential travel overseas for an indefinite period. Current indications from within the industry are that the current "no fly" restrictions are expected to remain in place until 30 June 2020.

It is therefore uncertain when individuals will be able to travel from the UK and the destinations to which they will be able to travel. Also demand for the holidays we sell will be impacted by consumer sentiment on travel and disposable income.

The Board are actively monitoring the risks associated with the impact of the virus and are taking advantage of available government support including the Job Retention Scheme, the 12 months business rates holiday for retail and leisure businesses as well as government grants for retail shops.

The Directors are identifying new sources of revenue and are reducing costs within the business to minimise the impact of the virus. Cash flow projections are being updated on a regular basis and the Group starts with strong cash reserves and no debt or funding facilities.

Brexit

On 31 January 2020, the UK officially left the European Union after over 3 years of negotiation and entered a transition period that expires on 31 December 2020. During this time, the Government needs to negotiate trade deals or the UK will trade on basic World Trade Organisation terms. Any period of economic uncertainty can lead to a material reduction in consumer demand for holidays. The Board does not expect Brexit to have a significant impact on the business, as we expect an increase in consumer demand once the Coronavirus restrictions have been removed.

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.

The Board has confidence in the market opportunities for its core businesses in the medium to long term, which is supported by the significant growth in both the Group's tour operating and retail businesses in 2018/19 and by the acquisition of the licence to operate the 555 shops within the Thomas Cook retail network.

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.

Interest rate risk

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

Strategic Report

Principal risks and uncertainties (continued)

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. Detailed cash flow forecasts are prepared and presented to the Board on a regular basis. The Group deposits surplus funds with a range of banks on a short and long term fixed and variable basis in line with business cash requirements. The Group ensures that funds are placed in low risk rated accounts and actively monitors the credit rating of each of the banks via rating agencies.

Foreign currency risk

The Group applies foreign currency matching principles to reduce foreign currency exposure. Where a sale results in an associated external creditor denominated in foreign currency, the Group purchases the foreign currency the day after the sale and holds this for future settlement.

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 colleagues, 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

Irene Hays
Chair
1 May 2020

Directors' Report

The Directors present their report and Group financial statements for the year ended 31 October 2019.

Results and dividends

The Group profit for the year, after taxation, amounted to £1,919,000 (2018 restated - £9,259,000). No dividends were paid during the year (2018 - £nil).

Going concern

The Directors have considered the Group's current and future prospects taking into consideration the impact of the COVID-19 pandemic on cash flows and liquidity. As set out in note 1, the results of our base case and downside scenario assessments support 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. As such, the Directors continue to adopt the going concern basis of preparation for these financial statements. However, given the uncertainty of the timing of lifting of international travel restrictions and when we will be able to reopen our stores and /or the potential impact on consumer confidence to buy the holidays the Group sells this gives rise to material uncertainties over going concern as detailed in note 1.

Directors

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

John Hays
Jane Schumm
Irene Hays
Marta Fernandez Varona (resigned on 15 November 2019)
Jonathan Hays (resigned on 17 July 2019)
Claire Maith (appointed on 15 November 2019)
Gillian Tiplady (appointed on 2 January 2020)

Irene Hays served as a non-executive Director.

Future developments

The Group's focus on the next 12 months will be to monitor the ongoing impacts of the Coronavirus and ensure that we deliver outstanding service to our customers. Our key priority will be to rebook as many customers as possible onto new holidays in late 2020 or in 2021 to secure future revenue, profitability and customer loyalty.

During this time, we will also aim to have the full retail network of shops acquired as part of the Thomas Cook acquisition operational and to integrate the colleagues within the existing culture, processes and organisation of the business.

Disabled employees

The Group 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 and adaptations under normal terms and conditions and to provide training, 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 be listed in The Sunday Times list of the 100 Best Companies to Work For in 2019 and 2020.

Directors' Report

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.

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

I. Hays

Irene Hays
Director
1 May 2020

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Opinion

We have audited the financial statements of Hays Travel Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 October 2019 which comprise the Group income statement, the Group and Parent company Statements of changes in equity, the Group balance sheet, the Company balance sheet, the Group statement of cash flows and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 October 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties related to going concern

We draw attention to note 1 in the financial statements which indicates that the ability of the Group and Company to continue as a going concern is subject to material uncertainties.

There are material uncertainties in respect of:

- the extent of period of store closure as well as the length of the travel restrictions in the UK and overseas; and
- potential reductions in revenues that may arise from a reduction in consumer demand for holidays the Group sells once stores are allowed to open and travel restrictions are lifted.

As stated in note 1 these events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Independent auditor's report

to the members of Hays Travel Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Independent auditor's report

to the members of Hays Travel Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Mark Morritt (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
1 May 2020

Group income statement

for the year ended 31 October 2019

	Notes	2019 £'000	2018 Restated (Note 25) £'000
Total Transaction Value (unaudited)	1	1,125,547	1,036,909
Turnover	2	240,603	218,445
Cost of Sales		(188,238)	(169,654)
Gross Profit		52,365	48,791
Distribution costs		(1,778)	(1,674)
Administrative expenses		(47,483)	(37,090)
		3,104	10,027
Other operating (expense) income – amortisation of goodwill	8	(845)	(878)
– rental and other income		969	1,131
Operating profit	3	3,228	10,280
Income from interests in associated undertakings	10	215	227
Other interest receivable and similar income		1,435	1,165
Interest payable and similar expenses		(3)	(4)
Other finance income - pension scheme	19	15	14
Loss on disposal of fixed assets		(29)	(63)
Profit on disposal of investment property		-	3
Revaluation deficit on investment property		-	(30)
Profit before taxation and exceptional items		4,861	11,592
Exceptional item	6	(1,492)	-
Profit before taxation		3,369	11,592
Tax on profit	7	(1,450)	(2,333)
Profit after taxation		1,919	9,259
Other comprehensive income			
Actuarial loss related to pension scheme (note 19)		(498)	(114)
Movement on surplus cap applied to pension scheme asset (note 19)		483	(103)
Realisation of revaluation surplus on disposal of investment property		-	(10)
Total comprehensive income for the year		1,904	9,032

All activities are continuing.

Statements of changes in equity

for the year ended 31 October 2019

Group

	Called up share capital £'000	*Capital redemption reserve £'000*	*Investment property revaluation reserve £'000*	*Profit and loss account £'000*	*Total £'000*
At 1 November 2017 as originally stated	100	33	211	32,206	32,550
Opening reserves restatement (note 25)	-	-	-	6,040	6,040
At 1 November 2017 as restated	100	33	211	38,246	38,590
Profit for the year (restated) (note 25)	-	-	-	9,259	9,259
Other comprehensive losses	-	-	-	(217)	(217)
Realisation of revaluation surplus on disposal of investment property	-	-	(10)	-	(10)
At 31 October 2018 as restated	100	33	201	47,288	47,622

	Called up share capital £'000	*Capital redemption reserve £'000*	*Investment property revaluation reserve £'000*	*Profit and loss account £'000*	*Total £'000*
At 31 October 2018 as restated (note 25)	100	33	201	47,288	47,622
Profit for the year	-	-	-	1,919	1,919
Other comprehensive losses	-	-	-	(15)	(15)
At 31 October 2019	100	33	201	49,192	49,526

Statements of changes in equity

for the year ended 31 October 2019

Company

	Called up share capital £'000	*Capital redemption reserve £'000*	*Profit and loss account £'000*	*Total £'000*
At 1 November 2017 as originally stated	100	33	19,441	19,574
Opening reserves restatement (note 25)	-	-	8,921	8,921
At 1 November 2017 as restated	100	33	28,362	28,495
Profit for the year (restated) (note 25)	-	-	4,186	4,186
Other comprehensive losses	-	-	(217)	(217)
At 31 October 2018 (as restated)	100	33	32,331	32,464

	Called up share capital £'000	*Capital redemption reserve £'000*	*Profit and loss account £'000*	*Total £'000*
At 31 October 2018 (as restated) (note 25)	100	33	32,331	32,464
Loss for the year	-	-	(1,848)	(1,848)
Other comprehensive losses	-	-	(15)	(15)
At 31 October 2019	100	33	30,468	30,601

Group balance sheet

As at 31 October 2019

	Notes	2019 £'000	2018 Restated (Note 25) £'000
Fixed assets			
Intangible assets	8	3,388	2,602
Tangible assets	9	22,246	16,294
Investment in associate	10	813	598
		26,447	19,494
Current assets			
Debtors	11	49,291	33,321
Cash at bank and in hand	17	120,713	104,649
		170,004	137,970
Creditors: amounts falling due within one year	12	(143,339)	(106,774)
Net current assets		26,665	31,196
Total assets less current liabilities		53,112	50,690
Provisions for liabilities and charges	14	(3,657)	(657)
Deferred tax asset (liability)	7	71	(2,411)
Net assets excluding pension liability		49,526	47,622
Pension liability	19	-	-
Net assets		49,526	47,622
Capital and reserves			
Called up share capital	15	100	100
Capital redemption reserve		33	33
Investment property revaluation reserve		201	201
Profit and loss account		49,192	47,288
Total equity shareholders' funds		49,526	47,622

The financial statements were approved and authorised for issue by the Board of Directors on 1 May 2020 and signed on their behalf by:

I. Hays

Irene Hays
Director

Company balance sheet

As at 31 October 2019

	Notes	*2019* £'000	*2018 Restated (Note 25)* £'000
Fixed assets			
Intangible assets	8	2,343	762
Tangible assets	9	13,271	7,222
Investments	10	8,664	8,664
		24,278	16,648
Current assets			
Debtors	11	23,466	14,178
Cash at bank and in hand		78,783	70,296
		102,249	84,474
Creditors: amounts falling due within one year	12	(92,343)	(65,502)
Net current assets		9,906	18,972
Total assets less current liabilities		34,184	35,620
Provision for liabilities and charges			
Provisions for liabilities and charges	14	(3,657)	(657)
Deferred tax asset/(liability)	7	74	(2,499)
Net assets excluding pension liability		30,601	32,464
Pension liability	19	-	-
Net assets		30,601	32,464
Capital and reserves			
Called up share capital	15	100	100
Capital redemption reserve		33	33
Profit and loss account		30,468	32,331
Total equity shareholders' funds		30,601	32,464

The loss of the Company for the year was £1,848,000 (2018 restated : profit £4,186,000).

The financial statements were approved and authorised for issue by the Board of Directors on 1 May 2020 and signed on their behalf by:

I. Hays

Irene Hays
Director

Group statement of cash flows

for the year ended 31 October 2019

	Notes	2019 £'000	2018 £'000
Net cash inflow from operating activities	17(a)	25,833	15,955
Investing activities			
Payments to acquire investments in subsidiary undertakings		-	(108)
Purchase price adjustments on acquisitions		-	95
Payments to acquire intangible fixed assets		(2,483)	(398)
Payments to acquire tangible fixed assets		(8,752)	(4,442)
Receipts from sales of tangible fixed assets		34	56
Dividend received from associated undertaking		-	23
Net cash flow from investing activities		(11,201)	(4,774)
Financing activities			
Interest received		1,435	1,165
Interest paid		(3)	(4)
Net cash flow from financing activities		1,432	1,161
Increase in cash and cash equivalents	17(b)	16,064	12,342
Cash and cash equivalents at 1 November	17(b)	104,649	92,307
Cash and cash equivalents at 31 October	17(b)	120,713	104,649

Notes to the financial statements

at 31 October 2019

1. Accounting policies

Statement of compliance

Hays Travel Limited is a private limited liability company, limited by shares, incorporated in England. The company number is 1990682. The Registered Office of the Company is Gilbridge House, Keel Square, Sunderland, SR1 3HA.

The Group's financial statements for the year ended 31 October 2019 have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

In December 2017, the FRC published results of a triennial review detailing amendments to FRS 102. The Group and parent company have early adopted FRS 102 as issued in March 2018, which reflects the amendments made as part of the Triennial Review 2017. The Triennial Review amendments have had no material impact on the financial statements of the Group or the parent company.

Basis of preparation

The financial statements of Hays Travel Limited were authorised for issue by the Board of Directors on 1 May 2020. The financial statements have been prepared in accordance with applicable accounting standards. The presentational currency of the financial statements is pounds sterling and all figures have been rounded to the nearest thousands.

The parent company has taken advantage of the section 408 exemption not to present its individual profit and loss account as it has prepared group accounts.

The Group has taken advantage of the exemption afforded by FRS 102.33.1A not to disclose transactions between wholly owned members of the group.

The parent company is a qualifying entity as defined by FRS 102 and has taken advantage of the following exemptions available to qualifying entities which are relevant to its financial statements:

- the requirement to prepare a cash flow statement;
- the requirement to disclose information about key management personnel compensation;
- the disclosure requirements of Section 11 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) in respect of financial instruments of the parent (as equivalent disclosures are included in respect of the consolidated financial statements); and
- the disclosure requirements of Section 26 paragraphs 26.18 (b), 26.19 to 26.21 and 26.23 (as equivalent disclosures are included in respect of the consolidated financial statements).

The financial statements have been prepared under the historical cost convention with the exception of certain assets (e.g. investment properties where the Group applies the fair value model). Certain prior year comparatives have been restated, Note 25 provides further detail.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and its subsidiary undertakings made up to 31 October 2019.

All intra group transactions ,balances, turnover and expenses are eliminated on consolidation.

No income statement is presented for Hays Travel Limited as permitted by Section 408 of the Companies Act 2006. The Company's loss for the year was £1,848,000 (2018 profit £4,186,000).

Notes to the financial statements

at 31 October 2019

1. Accounting policies *(continued)*

Going Concern

In assessing the going concern position of the Group for the year ended 31 October 2019, the Directors have considered the Group's cash flows, liquidity and business activities. Based on the Group's forecasts, the Directors have adopted the going concern basis in preparing the financial statements.

In making this assessment, the Directors have considered the potential impact of the COVID-19 pandemic on the cash flows and liquidity of the Group over the period to 30 September 2021. At the time of this assessment in April 2020, the opening cash available to the Group was £95.8m.

This assessment reflects the current measures being put in place by the Group to preserve cash as well as obtain access to alternative revenue streams during a period when the Foreign and Commonwealth Office ('FCO') advised the public against all but essential international travel for an indefinite period. Current indications from within the industry are that the current "no fly" restrictions are expected to remain in place until 30 June 2020. The Group has also temporarily closed all of its stores as a result of enforcement action by the UK Government. Where holidays are cancelled, not subsequently re-booked and a refund therefore given, there is a net cash outflow effect being the commission earned by the company.

As a consequence of the economic impact of COVID-19 and possible impact on consumer sentiment for travel we have forecast reductions in revenues once stores are allowed to open and travel restrictions are lifted.

The Directors have considered the impact of an additional downside scenario with a greater length of enforced closure and international travel restrictions extended to 1 September (versus the base case which assumes 30 June in line with industry guidelines) which has a more severe impact on the Group's cash flows and liquidity.

Certain mitigations have been assumed in this scenario. This includes rent deferrals where these have already been secured with landlords and government support initiatives announced on the 17 March and access to alternative sources of income.

In addition to the above, there would be further mitigating actions the Group could take including additional reductions in non-essential expenditure at certain times to improve liquidity, the potential for the Group to agree with its landlords additional deferrals in the timing of rental payments, a phased return of employees in proportion to the new customer bookings profile and potential to raise additional funds from third parties.

Despite this however, the Directors acknowledge there are material uncertainties that may cast significant doubt upon the Group and Company's ability to continue as a going concern in respect of:

- the extent of period of store closure as well as the length of the travel restrictions in the UK and overseas; and
- potential reductions in revenues that may arise from a reduction in consumer demand for holidays the Group sells once stores are allowed to open and travel restrictions are lifted.

Nevertheless, having assessed the potential liquidity shortfall in the event of a longer period of impact from the COVID-19 pandemic and the mitigating actions which the group can control and those which they could expect to be able to take, the Directors' have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. For these reasons, they continue to adopt a going concern basis for the preparation of the financial statements. Accordingly these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group and Company were unable to continue as a going concern.

Notes to the financial statements

at 31 October 2019

1. Accounting policies *(continued)*

Investments in associates

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. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method.

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.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have made the most significant effect on amounts recognised in the financial statements.

The Group has opted to lease properties from third party landlords generally for a period of 10 years with a break clause option at 5 years. The Group is required to estimate the cost of dilapidation costs that need to be completed on cessation of the lease. On an annual basis, the Directors assess dilapidation provisions based upon historical costs incurred and estimated property fit out costs.

The Group recognises revenue where it acts as an Agent on a booking basis less a provision for cancellations. This provision is calculated based upon historical cancellation information and is applied to bookings that have been made for holidays that have not departed as at the Balance Sheet date. The value of the cancellation provision held as at 31 October 2019 was £1,406,000 (2018: £1,505,000).

Goodwill

Goodwill arising on acquisitions represents the excess of the consideration over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary undertaking or business acquired. Goodwill is initially recognised as an asset at cost and is amortised on a straight-line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. The economic life of goodwill arising on acquisition is assessed separately for each acquisition.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

The license to use and occupy a retail outlet is recognised as the value paid on acquisition and amortised as an expense during the period of the licence, using the straight-line method, unless the shop is closed down in which case the remaining balance is immediately fully amortised.

Notes to the financial statements

at 31 October 2019

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

The exception is Investment property where fair value has been recorded at the date of the revaluation. Fair values are determined from market evidence normally undertaken by a professionally qualified valuer and are reviewed by Directors on an annual basis.

Depreciation is provided 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 excluding Investment Property	–	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.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Any impairment loss is considered at a cash generating unit level. A cash generating unit within Hays Travel Limited is defined as a selling branch.

If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Revaluation of investment properties

The Group carries its investment property at fair value, with changes in fair value being recognised in the income statement. The Company engaged independent valuation specialists to determine fair value at 31 October 2016. The Directors consider that there has been no material change to these valuations as at 31 October 2019. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 9.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the Directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Notes to the financial statements

at 31 October 2019

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

Trust Account

The Group operates a trust account until after the provision of the holiday service for the benefit of its Independence Group members. Money held in the trust is for multi contract package holidays booking by Independence Group members. The Trust is governed by a deed between the Group, the Civil Aviation Authority Air Travel Trustees, ABTA and independent trustees (PT Trustees Limited), which determines the inflows and outflows from the account.

Debtors

Short term debtors are measured at transaction price, less any impairment. The Group makes advances ("forward loans") to some Independence Group members. This loan is based upon a percentage of commissions earned at the point of booking for future departure dates.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Current taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. 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 income statement. In line with industry practice, foreign currencies held by the Group are included as cash.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

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 income statement on a straight line basis over the term of the lease.

Notes to the financial statements

at 31 October 2019

1. Accounting policies *(continued)*

Pensions

For defined contribution pension schemes operated by the Group, the amounts charged to the income statement 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 Group 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 FRS 102, 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.

Where the fair value of the defined benefit pension scheme assets exceed the value of the scheme liabilities, the scheme rules state that the surplus belongs to the scheme members and therefore, in accordance with FRS 102, an asset ceiling adjustment ("surplus cap") is required as the company is not able to recover the surplus.

Total Transaction Value (TTV)

Total Transaction Value is included on the income statement as a non-statutory disclosure to aid the user of the financial statements. This represents the Gross Value of Sales, which is the trading sales net of discounts given to customers. TTV is considered to be an indicator that more accurately reflects the nature and scale of the business and is an amount reported to ABTA.

Turnover

Turnover is recognised when the significant risks and rewards of ownership have transferred to the buyer. This is driven by whether the Group has acted as an agent or a principal.

Where the Group acts as a travel agent, turnover represents commission for the sale of holidays excluding value added tax and discounts less a provision for cancellations. Turnover is recognised at the point of booking.

Where the Group acts as the principal tour operator, turnover represents the gross value of holiday bookings excluding value added tax and discounts given to consumers. Turnover from these sales is recognised at the point of departure. The full cost of such holidays is included within cost of sales.

Gross commission received for bookings made by Independence Group members is included in turnover and the cost of the holiday and management services costs are included within cost of sales.

Where the Group acts as a foreign currency provider, turnover represents the difference between the cost and selling price of the currency (i.e. the margin). Foreign exchange turnover is recorded at the timing of the sale of the currency transaction to the customer. The Group will buy back currency from customers and the margin is recognised as turnover on the re-purchase of the foreign currency.

Notes to the financial statements
at 31 October 2019

2. Turnover

Turnover, analysed by category, was as follows:

	2019	2018 Restated (Note 25)
	£'000	£'000
Rendering of services – tour operator	144,046	128,176
Rendering of services – travel agent	90,891	85,051
Sale and buyback of currency	5,666	5,218
	240,603	218,445

All turnover arose within the United Kingdom

3. Operating profit

This is stated after charging/(crediting):

	2019	2018
	£'000	£'000
Auditor's remuneration – audit services	113	76
Auditor's remuneration – non-audit services – regulatory compliance work	7	6
Auditor's remuneration – non-audit services -taxation, compliance and advisory services	40	18
Foreign exchange gains	(143)	(112)
Depreciation of owned tangible fixed assets	1,751	1,353
Amortisation of software licences	184	172
Amortisation of retail network licence	162	-
Amortisation of goodwill	845	878
Operating lease rentals – land and buildings	3,988	2,260

4. Directors' emoluments

	2019	2018
	£'000	£'000
Emoluments	765	641
Company contributions paid to money purchase schemes	4	3
	No.	No.
Members of money purchase pension schemes	4	4

Notes to the financial statements
at 31 October 2019

4. Directors' emoluments (continued)

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

	2019	*2018*
	£'000	*£'000*
Emoluments	224	218
Company contributions paid to money purchase pension schemes	1	1

The Directors are considered to be the only key management personnel of the Group.

5. Staff costs

	2019	*2018*
	£'000	*£'000*
Wages and salaries	30,296	24,187
Social security costs	1,790	1,553
Defined contribution pension scheme costs	414	213
	32,500	25,953

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

	2019	*2018*
	No.	*No.*
Sales	1,019	908
Management and administration	446	407
	1,465	1,315

Notes to the financial statements

at 31 October 2019

6. Exceptional items

The following items have been presented separately on the face of the Income Statement as they relate to isolated and non-recurring events.

	2019 £'000	2018 £'000
Disposal of Intangible fixed assets relating to the acquisition of a licence to occupy former Thomas Cook shops (Note 8)	506	-
Disposal of Tangible fixed assets relating to the acquisition of a licence to occupy former Thomas Cook shops (Note 9)	986	-
	1,492	-

The Group has now closed a number of the former Thomas Cook shops and therefore terminated the licence to occupy. This is mainly due to staffing constraints and health and safety implications of the premises. The exceptional item above, reflects the cost of the licence to occupy for these shops and the tangible assets acquired being expensed to the Income Statement.

Notes to the financial statements

at 31 October 2019

7. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	2019	*2018 Restated (Note 25)*
	£'000	*£'000*
Current tax:		
UK corporation tax on profit for the year	3,946	2,075
Adjustments in respect of previous years	(14)	(117)
Total current tax	3,932	1,958
Deferred tax:		
Origination and reversal of timing differences	(2,496)	438
Adjustments in respect of previous years	14	(63)
Total deferred tax	(2,482)	375
Total tax on profit (note 7(b))	1,450	2,333

(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 19% (2018 – 19%). The differences are explained below:

	2019	*2018*
	£'000	*£'000*
Profit before tax	3,369	11,592
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	640	2,202
Effects of:		
Disallowed expenses/non-taxable income/movement in unrecognised deferred tax	797	318
Adjustments to tax charge in respect of previous years	-	(180)
Other differences	13	(7)
Total tax for year (note 7(a))	1,450	2,333

(c) Factors that may affect future tax charges

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. The 2016 Finance Act introduced a UK corporation tax rate of 17% from 1 April 2020.

Accordingly, these rates are applicable in the measurement of deferred tax assets and liabilities at 31 October 2019. Deferred tax has been provided at 17% being the rate at which temporary differences are expected to reverse.

However, the Budget which took place on 11 March 2020 confirmed the rate of corporation tax will remain at 19% from 1 April 2020, cancelling the enacted rate reduction to 17%. The rate reduction reversal was substantively enacted on 11 March 2020 by way of a special resolution. Had the 19% rate been substantively enacted at the balance sheet date, the impact on the closing deferred tax balances at 31 October 2019 would be immaterial.

Notes to the financial statements

at 31 October 2019

7. Tax on profit (continued)

(d) Provision for deferred tax

The deferred taxation provided in the financial statements is as follows:

		Group		*Company*
	2019	*2018*	*2019*	*2018*
	£'000	*£'000*	*£'000*	*£'000*
Timing differences	255	(2,388)	255	(2,478)
Accelerated capital allowances	(184)	(23)	(181)	(21)
Deferred tax asset (liability)	71	(2,411)	74	(2,499)

8. Intangible fixed assets

Group	*Licences* *£'000*	*Goodwill arising on acquisition* *£'000*	*Purchased goodwill* *£'000*	*Software* *£'000*	*Total* *£'000*
Cost:					
At 1 November 2018	-	3,850	446	1,024	5,320
Additions	2,406	-	-	77	2,483
Disposals	(506)	-	-	(219)	(725)
At 31 October 2019	1,900	3,850	446	882	7,078
Amortisation:					
At 1 November 2018	-	2,012	246	460	2,718
Charge in the year	162	795	50	184	1,191
Disposals	-	-	-	(219)	(219)
At 31 October 2019	162	2,807	296	425	3,690
Net book value:					
At 31 October 2019	1,738	1,043	150	457	3,388
At 1 November 2018	-	1,838	200	564	2,602

The licence to occupy the former Thomas Cook shops is being amortised over a 9-month period in accordance with the licence term. Disposals relate to the licences that have been terminated post year end. See Note 6 for further information.

Goodwill arising from the purchase of 40% of Just Go Travel Limited and 100% of 3D Travel Limited, Holiday Travel & Booking Agency Limited, Christine Nugent Business Travel Limited is being amortised over 5 years. Purchased goodwill arising from the purchase of CAS Travel Limited and Independence Travel Limited is also being amortised over 5 years.

Notes to the financial statements

at 31 October 2019

8. Intangible fixed assets (continued)

Company	*Licences*	*Purchased goodwill*	*Software*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cost:				
At 1 November 2018	-	446	1,008	1,454
Additions	2,406	-	77	2,483
Disposals	(506)	-	(219)	(725)
At 31 October 2019	1,900	446	866	3,212
Amortisation:				
At 1 November 2018		246	446	692
Charge in the year	162	50	184	396
Disposals	-	-	(219)	(219)
At 31 October 2019	162	296	411	869
Net book value:				
At 31 October 2019	1,738	150	455	2,343
At 1 November 2018	-	200	562	762

Notes to the financial statements

at 31 October 2019

9. Tangible fixed assets

An independent professional revaluation of all the Group's UK freehold and long-term leasehold properties was carried out as at 31 October 2016 and the results thereof were incorporated into the financial statements. The revaluation was carried out by Cliffe-Roberts Limited, Chartered Surveyors. Properties were valued in accordance with the RICS Valuation at either Existing Use Value under UKVS1.3, or Market Value defined in RICS Valuation – Professional Standards Global, January 2014, VPS4 para1.2. Revaluation gains and losses arising from the interim revaluation were dealt with in accordance with the accounting policy set out in Note 1 to the financial statements. The overall impact of this revaluation was to increase the carrying value by an aggregate amount of £211,000. Investment properties had an original purchase cost of £1,607,000 (2018: £1,607,000). The Directors have reviewed the rental yields generated on these properties and engaged the advice of external surveyors to ensure these properties are in line with market value. Based upon the review conducted, the Directors consider that no significant change to these valuations has taken place in the period since the independent professional revaluation was carried out at 31 October 2016.

Group

	Short leasehold improvements £'000	*Investment property £'000*	*Long term leasehold property £'000*	*Freehold land and buildings £'000*	*Fixtures, fittings & equipment £'000*	*Motor vehicles £'000*	*Assets under construction £'000*	*Total £'000*
Cost:								
At 1 November 2018 Restated (Note 25)	3,730	3,083	331	10,420	3,541	607	137	21,849
Transfers	94	-	-	30	13	-	(137)	-
Additions	425	-	-	2,093	6,165	69	-	8,752
Disposals	(150)	-	-	-	(1,440)	(46)	-	(1,636)
At 31 October 2019	4,099	3,083	331	12,543	8,279	630	-	28,965
Depreciation:								
At 1 November 2018 Restated (Note 25)	1,958	-	23	1,361	1,743	470	-	5,555
Charged in the year	695	-	5	324	642	85	-	1,751
Disposals	(120)	-	-	-	(435)	(32)	-	(587)
At 31 October 2019	2,533	-	28	1,685	1,950	523	-	6,719
Net book value:								
At 31 October 2019	1,566	3,083	303	10,858	6,329	107	-	22,246
At 1 November 2018 Restated (Note 25)	1,772	3,083	308	9,059	1,798	137	137	16,294

Notes to the financial statements

at 31 October 2019

9. Tangible fixed assets (continued)

Company

	Short leasehold improvements *£'000*	*Freehold land and improvements* *£'000*	*Fixtures & fittings/ office equipment* *£'000*	*Motor vehicles* *£'000*	*Assets under construction* *£'000*	*Total* *£'000*
Cost:						
At 1 November 2018 Restated (note 25)	3,222	4,424	2,926	580	137	11,289
Transfers	94	30	13	-	(137)	-
Additions	425	2,093	6,099	69	-	8,686
Disposals	(150)	-	(1,436)	(46)	-	(1,632)
At 31 October 2019	3,591	6,547	7,602	603	-	18,343
Depreciation:						
At 1 November 2018 Restated (note 25)	1,491	968	1,164	444	-	4,067
Charged in the year	682	193	628	83	-	1,586
Disposals	(117)	-	(432)	(32)		(581)
At 31 October 2019	2,056	1,161	1,360	495	-	5,072
Net book value: At 31 October 2019	1,535	5,386	6,242	108	-	13,271
At 1 November 2018 Restated (note 25)	1,731	3,456	1,762	136	137	7,222

Notes to the financial statements

at 31 October 2019

10. Investments

Group

	£'000
At 1 November 2018	598
Share of profit after tax retained by associate	215
At 31 October 2019	813

Company

	Investments *£'000*
Cost or valuation:	
At 1 November 2018	8,664
Additions	
Purchase price adjustments	-
Disposals	-
At 31 October 2019	8,664

Included in costs of investments above is £1,070,000 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	Ordinary shares	100%	Investment property

All subsidiary undertakings are companies registered in England and Wales.

Christine Nugent Business Travel Limited and Holiday Travel & Booking Agency Limited were dissolved in October 2018.

Notes to the financial statements

at 31 October 2019

10. Investments (continued)

Associate Investments

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

The Group has accounted for its share of the associate's profit after tax amounting to £215,000 and net assets as at 31 October 2019 amounting to £813,000. In 2019 the shareholders of Just Go Travel Limited paid a dividend to the Company of £nil (2018: £23,400).

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

	2019	*2018*
	£'000	*£'000*
Tangible fixed assets	803	579
Intangible fixed assets	8	13
Current assets	1,676	1,097
Share of gross assets	2,487	1,689
Liabilities due within one year	(1,636)	(1,053)
Deferred taxation	(38)	(38)
Share of gross liabilities	(1,674)	(1,091)
Share of net assets	813	598
Share of turnover	3,027	2,309
Share of profit after tax	215	227

11. Debtors

		Group		*Company*
	2019	*2018*	*2019*	*2018*
	£'000	*£'000*	*£'000*	*£'000*
Trade debtors	26,169	21,099	5,709	4,128
Amounts due from subsidiary undertakings	-	-	4	1
Amounts due from associate undertakings	-	-	-	31
Other debtors	13,295	9,127	8,530	7,117
Prepayments	6,994	1,792	6,779	1,609
Accrued Income	1,055	1,303	982	1,160
Other taxes and social security costs	1,778	-	1,462	-
Corporation tax recoverable	-	-	-	132
	49,291	33,321	23,466	14,178

Other debtors include Independence Group member Forward Loans of £9,844,000 (2018 £8,520,000) in Group and £7,115,000 (2018 £6,510,000) in Company.

Notes to the financial statements

at 31 October 2019

12. Creditors: amounts falling due within one year

		Group		*Company*
	2019	*2018*	*2019*	*2018*
		Restated		*Restated*
		(Note 25)		*(Note 25)*
	£'000	*£'000*	*£'000*	*£'000*
Trade creditors	107,586	78,206	45,450	25,752
Amounts due to associate undertakings	1,342	691	409	-
Amounts due to subsidiary undertakings	-	-	24,835	21,705
Corporation tax	3,043	868	1,920	-
Other taxes and social security costs	-	1,021	-	962
Other creditors	319	118	246	84
Accruals	18,979	16,666	19,357	16,869
Deferred Income	12,070	9,204	126	130
	143,339	106,774	92,343	65,502

13. Acquisitions

On 8 October 2019, the Company acquired the licence to use and occupy 555 retail properties in the UK that were previously operated by the Thomas Cook Group and its subsidiary companies; this licence was granted by the Special Manager. This licence to occupy is for a period of nine months that can be extended, subject to the sellers' approval, for up to an additional three-month period.

As part of the acquisition, the Company purchased the furnishings and equipment, contents fixtures and fittings.

On same date, the company acquired from TCCT Retail and Thomas Cook Retail Limited, both in Liquidation, the title and interest in the lists and databases of customers that purchased travel packages at the properties of the sellers, in consideration of the payment of £1. This customer data was determined to have nil fair value.

The following table sets out the book value of the identifiable assets acquired and their fair value to the company.

	Notes	*Book Value £'000*	*Fair Value £'000*
Fixed assets			
Intangible assets	8	2,406	2,406
Tangible assets	9	4,995	4,995
		7,401	7,401
Discharged by			
Cash consideration			7,401

Notes to the financial statements

at 31 October 2019

14. Provisions for liabilities and charges

		Group		*Company*
	2019	*2018 Restated (Note 25)*	*2019*	*2018 Restated (Note 25)*
	£'000	*£'000*	*£'000*	*£'000*
Employee related provisions	3,000	-	3,000	-
Dilapidations provisions	657	657	657	657
	3,657	657	3,657	657

Employee related provisions relate to staff costs in accordance with UK regulations. The timing of the cash flows and size of payment is dependent upon ongoing discussions. Dilapidation provisions relate to dilapidation charges. The timing of the cash flows is dependent upon the timing of the lease agreement termination.

15. Issued share capital and reserves

	2019	*2018*
Allotted, called up and fully paid	*£'000*	*£'000*
Ordinary shares of £1 each	100	100

Investment property revaluation reserve
This reserve records the excess of the carrying value of fixed asset held at valuation, against the original historic cost.

Profit and loss account reserve
This reserve records the cumulative amount of realised profits and losses less any distributions of dividends.

Capital redemption reserve
This reserve records the cumulative nominal value of shares repurchased.

16. Financial instruments

Group	*2019*	*2018*
	£'000	*£'000*
Financial assets measured at amortised cost:		
Trade and other debtors	39,464	30,226
Financial liabilities recorded at amortised cost:		
Trade and other creditors	107,905	78,324

Company	*2019*	*2018*
	£'000	*£'000*
Financial assets measured at amortised cost:		
Trade and other debtors	14,239	11,245
Financial liabilities recorded at amortised cost:		
Trade and other creditors	45,697	25,836

Notes to the financial statements

at 31 October 2019

17. Notes to the Group statement of cash flows

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

	2019	*2018 Restated (Note 25)*
	£'000	*£'000*
Operating profit (before share of associate)	3,228	10,280
Depreciation of tangible and intangible fixed assets	2,097	1,525
Amortisation of goodwill	845	878
Increase in debtors	(15,970)	(6,991)
Increase in creditors	34,389	12,813
Increase in provisions	3,000	-
Difference between current service pension costs and cash paid	-	(203)
Corporation tax paid	(1,756)	(2,347)
Net cash inflow from operating activities	25,833	15,955

17. Notes to the Group statement of cash flows

(b) Analysis of cash and cash equivalents

	At 1 November 2018	*Cash flow*	*At 31 October 2019*
	£'000	*£'000*	*£'000*
Cash at bank and in hand	104,649	16,064	120,713

Cash at bank and in hand includes £3.4m (2018: £3.6m) relating to the Trust Account. Please refer to Note 1 for further details.

18. Capital commitments

At 31 October 2019 there were no capital commitments contracted for but not provided in the financial statements (2018 - £nil).

19. 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 2019 there were no unpaid contributions outstanding (2018 - £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 2018, and this has been updated to 31 October 2019 by the scheme actuary.

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

Notes to the financial statements

at 31 October 2019

19. Pension commitments (continued)

There is no balance recognised in the balance sheet at 31 October 2019.

	2019	2018
	£'000	£'000
Present value of funded obligations	(9,356)	(8,647)
Fair value of scheme assets	9,409	9,183
Surplus in scheme	53	536
Surplus cap	(53)	(536)
Surplus	-	-

The amounts recognised in the income statement are as follows:

	2019	2018
	£'000	£'000
Net interest income	(15)	(14)
	(15)	(14)

The Company closed to future accrual the Scheme on 28 February 2017.

The amounts recognised in other comprehensive income are as follows:

	2019	2018
	£'000	£'000
Actuarial gains/(losses) on assets	305	(301)
Actuarial (losses)/gains on liabilities	(803)	187
	(498)	(114)

Notes to the financial statements

at 31 October 2019

19. Pension commitments (continued)

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

	2019	*2018*
	£'000	*£'000*
Opening defined benefit obligation	8,647	8,984
Interest cost	238	229
Actuarial losses/(gains)	803	(187)
Benefits paid	(332)	(379)
Closing defined benefit obligation	9,356	8,647

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

	2019	*2018*
	£'000	*£'000*
Opening fair value of scheme assets	9,183	9,417
Interest income	253	243
Actuarial gains/(losses)	305	(301)
Contributions to the scheme	-	203
Benefits paid	(332)	(379)
Closing fair value of scheme assets	9,409	9,183

The Group is not expected to contribute to the scheme in the year to 31 October 2020.

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

	2019	*2018*
Equities	85%	85%
Bonds	10%	10%
Insured pensions	4%	4%
Cash	1%	1%

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

	2019	*2018*
Discount rate	1.8%	2.8%
Retail price inflation (RPI)	3.1%	3.4%
Consumer price inflation (CPI)	2.1%	2.4%
Pension increases – CPI maximum 5.0%	2.15%	2.35%
Pension increases – CPI maximum 2.5%	1.7%	1.95%
Deferred pension revaluation – CPI 5.0% cap	2.1%	2.4%
Deferred pension revaluation – CPI 2.5% cap	2.1%	2.4%

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 S2PA, using 115% of the base table with the CMI_2018 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 S2PA, using 115% of the base table with the CMI-2015 mortality projections with a long term rate of improvement of 1.25%.

Notes to the financial statements
at 31 October 2019

19. Pension commitments (continued)

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

	2019	*2018*
For a male aged 65 now	20.4	21.2
At 65 for a male member aged 45 now	21.8	22.9
For a female aged 65 now	22.3	23.2
At 65 for a female member aged 45 now	23.9	25.1

20. Other financial commitments

At 31 October 2019 the Group had total commitments under non-cancellable operating leases as set out below:

	Land and buildings			*Other*
	2019	*2018*	*2019*	*2018*
	£'000	*£'000*	*£'000*	*£'000*
Amounts payable:				
Within one year	2,046	1,602	-	-
In two to five years	7,506	4,302	-	-
In over five years	4,182	4,488	-	-
	13,734	10,392	-	-

21. Contingent liabilities

From time to time the business activities of the Group will involve entering into arrangements which expose the Group to risks of future investigation and potential claims. At the date of the financial statements and up to the date of signing of these financial statements and the last period, no material investigations had been established but they remain a regulatory risk to the Group. The risk management framework established by the Group seeks to mitigate the likelihood of any such incidents. Any potential obligations cannot be reliably estimated due to the uncertainty around the outflow of future resources, and as a result no provisions have been recognised in respect of these potential liabilities.

Bonds

Bonds have been provided to BA Lime. The amounts and expiry dates of the bonds are set out below:

	2019	*2018*
Expiry date	*£'000*	*£'000*
Ongoing	25	25

In addition, to this, the Group has purchased an insurance product to supply a bond to ABTA. This bond does not have a cash flow impact on the business.

Notes to the financial statements

at 31 October 2019

22. Events after the end of the reporting period

Since the Balance Sheet date the Group has closed a number of the former Thomas Cook properties in agreement with the Special Manager due to property health and safety and staffing related matters.

As outlined in the Chairman's Report and the Strategic Report, the Group and the industry are managing the impacts of the Coronavirus. On 12 March 2020, the World Health Organisation declared the Coronavirus outbreak to be a pandemic. On 17 March 2020, the Foreign and Commonwealth Office advised the public against all but essential international travel for an indefinite period. On 23 March 2020 the UK Government implemented ''lock down'' measures which led to the closure of all Hays stores.

The extent of this period of closure, the length of the travel restrictions and the resulting impact in changes in the behaviour of consumers are unknown. The impact of these matters on the Group's ability to continue as a going concern is set out in note 1.

Coronavirus is considered to be a non-adjusting post balance sheet event for the Group, as it does not provide more information about circumstances that existed at the year-end. The impact of coronavirus could result in lower than anticipated revenues, higher cancellation rates and potential impairment of assets such as goodwill. In addition, the Group has a number of investment properties and a defined benefit pension scheme, which could be impacted by overall market decline as a result of the coronavirus outbreak should this continue for a longer period. These potential impacts cannot be quantified at this stage.

23. Related party transactions

The Company has taken advantage of the exemptions available under FRS102.33.1A to subsidiary undertakings of not disclosing transactions with wholly owned entities of the group qualifying as related parties. See Notes 11 and 12 for disclosure of amounts owed by wholly owned subsidiaries and the related terms.

During the current year, the Group made gross sales in retail of £63,403,000 (2018 - £50,730,000) 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 2019 by the Group was £1,342,000 (2018 - £691,000) being commissions payable on gross sales, and £nil (2018 - £nil) owed to the Group.

24. Controlling party

In the Directors opinion, the Company's controlling party is Irene Hays, who owns 50.01% of the ordinary share capital of the Company.

Notes to the financial statements

at 31 October 2019

25. Prior year restatements

During the year, management have identified six items for which we have retrospectively amended the financial statements

	As previously disclosed	*Revenue recognition (1)*	*Sales Discounts (2)*	*Foreign exchange sales / buybacks (3)*	*Assets held for sale (4)*	*Dilapidation Provision (5)*	*SFA Income (6)*	*As restated*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£000*	*£000*	*£'000*
Group Income Statement								
Revenue	379,835	3,649	(20,338)	(143,884)	-	-	(817)	218,445
Costs of sales	(331,798)	(2,078)	20,338	143,884				(169,654)
Other operating income – rental/other income	314	-	-	-	-	-	817	1,131
Taxation	(2,045)	(288)	-	-	-	-	-	(2,333)
Group Balance Sheet								
Tangible Fixed assets	15,871	-	-	-	423	-	-	16,294
Assets held for sale	423	-	-	-	(423)	-	-	-
Creditors: amounts falling due within one year	(117,062)	9,631	-	-	-	657	-	(106,774)
Provision for liabilities and charges	(23)	(2,388)	-	-	-	(657)	-	(3,068)
Company Balance Sheet								
Tangible Fixed assets	6,799	-	-	-	423	-	-	7,222
Assets held for sale	423	-	-	-	(423)	-	-	-
Creditors: amounts falling due within one year	(79,204)	13,045	-	-	-	657	-	(65,502)
Provision for liabilities and charges	(21)	(2,478)	-	-	-	(657)	-	(3,156)

Notes to the financial statements

at 31 October 2019

Change in accounting policy

(1) Revenue Recognition

The Group has historically recognised all revenue in respect of bookings that had been made with a departure date prior to two months post financial year-end based on when it was considered that the significant risks and rewards had transferred to the customer.

Following a review of this accounting policy, it was concluded that in order to provide reliable and more relevant information about the effects of the transactions would be to revise the revenue recognition policy as follows:

- Entities within the Group operating under an agency arrangement will recognise revenue on date of booking, with a corresponding cancellation provision, where material; and
- Entities within the Group operating under a principal arrangement will recognise revenue on the date of departure.

The impact is an increase in turnover of £3.6m and an increase in cost of sales of £2.1m. This also resulted in an increase in tax of £288k. Profit after tax for the prior year has therefore increased by £1.3m. In addition, there was an increase of £6.0m on opening reserves as at 1 November 2017.

Restatement of comparatives

(2) Presentation of sales discounts

The Group has historically recognised revenue gross with the discount element recognised in cost of sales as it was deemed a discretionary cost incurred in order to secure the sale with the customer. In accordance with FRS102 revenue shall be measured at the fair value of the consideration received or receivable taking into account any discounts.

The impact is a reduction in turnover of £20.3m and a corresponding increase in cost of sales. There is no impact on opening reserves.

(3) Presentation of foreign exchange sales and buybacks

The Group has historically recognised foreign exchange transactions on a 'gross' basis reflecting a Principal arrangement between the Group and the customer. In accordance with FRS102 such foreign currency transactions should be recognised within cash and cash equivalents.

When the financial asset is sold to the customer the Group should derecognise the financial asset. The carrying amount of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Any difference between the consideration received and the amounts recognised and derecognised shall be recognised in profit or loss in the period of the transfer.

The impact is a reduction in turnover of £143.9m and a corresponding increase in cost of sales. There is no impact on opening reserves.

(4) Presentation of assets held for sale

As at 31 October 2018, the Group included an owned property as an asset held for sale, at its carrying value of £423k. This was based on an intention to sell, with the building being actively marketed at that time.

Under FRS 102 and the Companies Act 2006 there is no concept of assets held for sale. Therefore there is not a requirement to present a non-current asset classified as held for sale or the assets of a disposal group held for sale separately from other assets in the Group or Company balance sheet.

The impact is an increase in tangible assets and a corresponding decrease in assets held for sale of £423k.

Notes to the financial statements

at 31 October 2019

(5) Presentation of dilapidation provisions
The presentation of dilapidation provisions has been revised to reclassify them within provisions for liabilities and charges on the face of the Group and Company balance sheets having previously been included within creditors: amounts falling due within one year.

The impact is an increase in provisions for liabilities and charges of £657k and a corresponding reduction in current liabilities. There is no impact on opening reserves.

(6) Presentation of Skills and Funding Agency ('SFA') income
The presentation of SFA income has been revised to show this source of funding as other income on the face of the Group income statement having been previously included in revenue.

The impact is a £817k reduction in revenue and a corresponding increase in other income. There is no impact on opening reserve.