

Registered No. 3277863

# Hays Foreign Exchange Limited

## Report and Financial Statements

31 October 2019



**Directors**

John Hays  
Irene Hays (appointed 11 February 2019)  
Jane Schumm  
Jonathan Hays (resigned on 17 July 2019)  
Marta Fernandez Varona (resigned on 15 November 2019)  
Claire Maith (appointed on 15 November 2019)

**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

## Strategic report

The Directors present their strategic report for the year ended 31 October 2019, comprising of the Company's business review, an analysis of its financial performance and a description of the principal risks and uncertainties in relation thereto.

### Review of business

The Directors are satisfied with the performance of the Company during the year as the turnover grew 8.6% above last year. On 8 October 2019, the Hays Travel Group acquired a licence to occupy 555 former Thomas Cook shops, which will generate long term growth opportunities for the business. In total, the Company now has 625 foreign exchange bureaux operating in high street stores.

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

	2019	2018 <i>Restated</i> <i>(Note 16)</i>
	£000	£000
Turnover	5,666	5,218
Profit after tax	1,361	1,397
Current assets as % of current liabilities	615%	580%
Shareholders' equity	6,983	5,622
Average number of employees, excluding directors	117	105

### Principal risks and uncertainties

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

The Company's principal financial investments comprise cash in sterling and other currencies. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the Company's operating activities.

The main risks associated with the Company'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. Furthermore, in May 2020 the UK Government announced a 14 day self-quarantine for all passengers returning to the UK. Similar quarantine rules are currently in place in countries such as Spain, Italy, Greece, Australia and New Zealand, however, these restrictions are currently being eased in June and July 2020 as countries look to open up their borders once again to tourists.

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 foreign currency will be impacted by consumer sentiment on travel and disposable income. The Company is a wholly owned subsidiary of Hays Travel (the 'Hays Group') whose day to day operations are monitored and controlled by the same leadership team (the 'Directors') given the integrated model that the Group has in place. The Company's sales are generated by foreign currency sold through Hays Travel stores. The Company is wholly reliant upon the continued support from the Group in order to manage its day to day operations of the business and secure foreign currency sales. The Board manages the activities of the business at a Group level as a whole and 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.

## Strategic report (continued)

### ***Coronavirus (continued)***

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 currency 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 2018/19 and by the acquisition of the license to operate the 555 shops within the Thomas Cook retail network which will directly benefit the foreign currency business.

### ***Regulation changes and competition***

The sale of travel and holiday arrangements is a competitive and highly regulated industry. The Company 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 Company does not undertake any hedging activity.

### ***Credit risk***

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

### ***Liquidity risk***

The Company 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 Company 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 Company 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 Company reviews its foreign currency exposure on an ongoing basis. The Company trades foreign currencies, but these are considered stable and therefore the Board feel there is no material foreign currency risk.

## Strategic report (continued)

### ***Other general factors***

The Company 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 Company's trading performance and financial position.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'J Hays', with a stylized flourish at the end.

John Hays  
Director  
29 May 2020

## Directors' report

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

### Principal activity

The Company's principal activity during the year continued to be that of the sale and buyback of foreign currency.

### Results and dividends

The profit for the year, after taxation, amounted to £1,361,314 (2018 - £1,396,626). The Directors do not recommend a final dividend (2018 - £nil).

### Directors

The Directors who served the Company during the year and to the date of approval of the financial statements were as follows:

John Hays

Irene Hays (appointed 11 February 2019)

Jonathan Hays (resigned on 17 July 2019)

Marta Fernandez Varona (resigned on 15 November 2019)

Jane Schumm

Claire Maith (appointed on 15 November 2019)

### Future developments

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. Furthermore, in May 2020 the UK Government announced a 14 day self-quarantine for all passengers returning to the UK. Similar quarantine rules are currently in place in countries such as Spain, Italy, Greece, Australia and New Zealand, however, these restrictions are currently being eased in June and July 2020 as countries look to open up their borders once again to tourists.

From a Hays Group 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.

The Hays Group and Company'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.

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## Directors' report (continued)

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

### Going concern

The Directors have considered the Hays Group and Company'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 Hays Group and Company 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.

### 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 Company'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 re-appoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.



On behalf of the Board

John Hays

Director

29 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 statement; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Foreign Exchange Limited**

## **Opinion**

We have audited the financial statements of Hays Foreign Exchange Limited for the year ended 31 October 2019 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 16, 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 company's affairs as at 31 October 2019 and of its 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 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 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 Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

# **Independent auditor's report (continued)**

**to the members of Hays Foreign Exchange 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 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 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 (continued)**

to the members of Hays Foreign Exchange Limited

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 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.



Richard Lingwood (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Newcastle upon Tyne

29 May 2020

# Income statement

for the year ended 31 October 2019

		2019	2018
			Restated
			(Note 16)
	Notes	£	£
<b>Turnover</b>	2	5,665,864	5,218,000
Cost of sales		(1,454,516)	(1,192,820)
<b>Gross profit</b>		4,211,348	4,025,180
Distribution costs		(120,509)	(149,317)
Administrative expenses		(2,411,189)	(2,152,637)
<b>Operating profit</b>	3(a)	1,679,650	1,723,226
Bank interest receivable		-	970
<b>Profit before taxation</b>		1,679,650	1,724,196
Tax on profit	4	(318,336)	(327,570)
<b>Profit for the financial year</b>		1,361,314	1,396,626

All activities are continuing.

The Company has no other comprehensive income other than the profit for the current and prior financial years reported above.

## Statement of changes in equity

for the year ended 31 October 2019

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 November 2017	2,000	4,223,339	4,225,339
Profit for the year	-	1,396,626	1,396,626
At 31 October 2018	2,000	5,619,965	5,621,965
Profit for the year	-	1,361,314	1,361,314
At 31 October 2019	2,000	6,981,279	6,983,279

**Balance sheet**

at 31 October 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	5	-	633
<b>Current assets</b>			
Debtors	6	66,006	38,834
Cash at bank and in hand		8,272,270	6,754,614
		8,338,276	6,793,448
<b>Creditors:</b> amounts falling due within one year	7	(1,354,997)	(1,172,116)
<b>Net current assets</b>		6,983,279	5,621,332
<b>Total assets less current liabilities</b>		6,983,279	5,621,965
<b>Net assets</b>		6,983,279	5,621,965
<b>Capital and reserves</b>			
Called up share capital	8	2,000	2,000
Profit and loss account	9	6,981,279	5,619,965
<b>Total equity</b>		6,983,279	5,621,965

The financial statements were approved and authorised for issue by the Board of Directors on 29 May 2020 and signed on their behalf by:



John Hays  
Director

## Notes to the financial statements

at 31 October 2019

### 1. Accounting policies

#### *Statement of compliance*

Hays Foreign Exchange Limited is a private limited liability company, limited by shares, incorporated in England. The company number is 3277863.

The Registered Office is Gilbridge House, Keel Square, Sunderland, Tyne and Wear, United Kingdom SR1 3HA.

The Company'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 Company has 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 Company.

#### *Basis of preparation*

The financial statements of Hays Foreign Exchange Limited were authorised for issue by the Board of Directors on 29 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 pound.

In these financial statements, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Sections 33.1A and 33.7 Related Party Disclosures

The group in which the results of the Company are consolidated is Hays Travel Limited. Consolidated financial statements are available at Gilbridge House, Keel Square, Sunderland, Tyne and Wear, SR1 3HA.

The financial statements have been prepared under the historical cost convention. Certain prior year comparatives have been restated, Note 17 provides further detail.

#### *Going Concern*

The Company is a wholly owned subsidiary of Hays Travel (the 'Hays Group') whose day to day operations are monitored and controlled by the same leadership team (the 'Directors') given the integrated model that the Group has in place. The Company's sales are generated through foreign currency sales secured through Hays Travel stores. The Company is wholly reliant upon the continued support from the Group in order to manage its day to day operations of the business and secure foreign currency sales. The Board manages the activities of the business at a Group level as a whole.

In assessing the going concern position of the Hays 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 Hays Group over the period to 30 September 2021. At the time of this assessment in April 2020, the opening cash available to the Hays Group was £95.8m.

## Notes to the financial statements

at 31 October 2019

### 1. Accounting policies (continued)

#### *Going Concern (continued)*

This assessment reflects the current measures being put in place by the Hays 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. Furthermore, in May 2020 the UK Government announced a 14 day self-quarantine for all passengers returning to the UK. Similar quarantine rules are currently in place in countries such as Spain, Italy, Greece, Australia and New Zealand, however, these restrictions are currently being eased in June and July 2020 as countries look to open up their borders once again to tourists.

The Hays 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 Hays 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 Hays Group could take including additional reductions in non-essential expenditure at certain times to improve liquidity, the potential for the Hays 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 Hays 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 Company 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 Hays Group can control and those which they could expect to be able to take, the Directors' have a reasonable expectation that the Hays Group and Company 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 Company were unable to continue as a going concern.

#### *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.

No significant judgments have had to be made by management in preparing these financial statements.

## 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.

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:

Office equipment	– over 5 years
Motor vehicles	– over 3 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.

If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If 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 carry 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.

#### ***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.

#### ***Debtors***

Short term debtors are measured at transaction price, less any impairment.

#### ***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.

## Notes to the financial statements

at 31 October 2019

### 1. Accounting policies (continued)

#### *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 Company are included as cash.

#### *Pensions*

The Company operates a defined contribution scheme. 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.

### 2. Turnover

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 Company will buy back currency from customers and the margin is recognised as turnover on the re-purchase of the foreign currency.

### 3(a) Operating profit

This is stated after charging:

	2019	2018
	£	£
Auditor's remuneration	6,325	5,750
Depreciation of owned fixed assets	633	5,743
Foreign exchange losses	142,717	69,567
	<u>149,675</u>	<u>81,060</u>

### 3(b) Directors' remuneration

Directors' remuneration is borne by other Group companies and is not recharged. The proportion of their time incurred in their capacity as director to this Company is not significant.

The directors do not participate in any pension scheme arrangements with this Company.

### 3(c) Staff costs

	2019	2018
	£	£
Wages and salaries	1,861,670	1,722,957
Social security costs	102,605	97,415
Other pension costs	24,557	14,219
	<u>1,988,832</u>	<u>1,834,591</u>

# Notes to the financial statements

at 31 October 2019

## 3(c) Staff costs (continued)

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

	2019 No.	2018 No.
Sales	106	97
Management and administration	11	8
	<u>117</u>	<u>105</u>

## 4. Tax on profit

### (a) Tax on profit

The tax charge is made up as follows:

	2019 £	2018 £
<i>Current tax:</i>		
UK corporation tax	318,336	327,570
Total current tax	<u>318,336</u>	<u>327,570</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax on profit (note 5(b))	<u>318,336</u>	<u>327,570</u>

### (b) Factors affecting tax charge for the year

	2019 £	2018 £
Profit before tax	1,679,650	1,724,196
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	319,134	327,597
<i>Effects of:</i>		
Deferred tax movements not recognised	(798)	(27)
Total tax charge for year (note 5(a))	<u>318,336</u>	<u>327,570</u>

# Notes to the financial statements

at 31 October 2019

## 4. Tax on profit (continued)

(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.

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.

The Company has a deferred tax asset of £3,739 (2018: £4,452) which has not been recognised on the grounds of materiality.

## 5. Tangible fixed assets

	<i>Office equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 November 2018 and 31 October 2019	1,975	13,555	15,530
Accumulated depreciation:			
At 1 November 2018	1,975	12,922	14,897
Charge for the year	-	633	633
At 31 October 2019	1,975	13,555	15,530
Net book value:			
At 31 October 2019	-	-	-
At 1 November 2018	-	633	633

# Notes to the financial statements

at 31 October 2019

## 6. Debtors

	2019	2018
	£	£
Amounts due from group undertakings	1,252	11,158
Prepayments and accrued income	64,754	27,676
	<u>66,006</u>	<u>38,834</u>

## 7. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	39,399	35,775
Amounts due to group undertaking	4,096	-
Amounts due to associate undertaking	933,075	721,952
Corporation tax	318,336	327,570
Accruals and deferred income	42,221	68,780
Other creditors	17,870	18,039
	<u>1,354,997</u>	<u>1,172,116</u>

## 8. Issued share capital

	2019	2018	2019	2018
	No.	No.	£	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2,000	2,000	2,000	2,000

## 9. Reserves

The profit and loss account reserve represents cumulative comprehensive income less any dividends paid.

## 10. Financial instruments

	2019	2018
	£	£
Financial assets measured at amortised cost:		
Trade and other debtors	-	-
	<u>-</u>	<u>-</u>
Financial liabilities recorded at amortised cost:		
Trade creditors and amounts due to associated undertaking	972,474	757,727
	<u>972,474</u>	<u>757,727</u>

## 11. Capital commitments

There were no capital commitments at 31 October 2019 (2018 - £nil).

## Notes to the financial statements

at 31 October 2019

### 12. Contingent liabilities

From time to time the business activities of the Company will involve entering into arrangements which expose the Company 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 Company. The risk management framework established by the Company 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.

### 13. Related party transactions

The Company has taken advantage of the exemptions available under FRS102.33.1A and FRS102.33.7 to subsidiary undertakings of not disclosing transactions with wholly owned entities of the group qualifying as related parties and not disclosing compensation for key management personnel.

### 14. Ultimate parent undertaking and controlling party

In the directors' opinion the Company's ultimate parent undertaking and controlling party is Hays Travel Limited, a company registered in England and Wales.

The parent undertaking's financial statements can be obtained from Companies House in Cardiff.

### 15. Events after the end of the reporting period

Since the Balance Sheet date the Hays 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 Strategic Report and Directors' Report, the Hays Group and Company 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. Furthermore, in May 2020 the UK Government announced a 14 day self-quarantine for all passengers returning to the UK. Similar quarantine rules are currently in place in countries such as Spain, Italy, Greece, Australia and New Zealand, however, these restrictions are currently being eased in June and July 2020 as countries look to open up their borders once again to tourists.

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 Hays Group and Company'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 Company, 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 and higher cancellation rates. These potential impacts cannot be quantified at this stage.

# Notes to the financial statements

at 31 October 2019

## 16. Prior year restatement

During the year, management have identified the following item for which we have retrospectively amended the financial statements

	<i>As previously disclosed</i>	<i>Foreign exchange sales / buybacks (1)</i>	<i>As restated</i>
	£	£	£
<b>Income Statement</b>			
Revenue	149,102,456	(143,884,456)	5,218,000
Costs of sales	(145,077,276)	143,884,456	(1,192,820)

### Restatement of comparatives

#### (1) Presentation of foreign exchange sales and buybacks

The Company has historically recognised foreign exchange transactions on a 'gross' basis reflecting a Principal arrangement between the Company 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 Company 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.