

Registered No. 3277863

REGISTRAR

Hays Foreign Exchange Limited

Report and Financial Statements

31 October 2018



Directors

John Hays
Jane Schumm
Marta Fernández Varona
Jonathan Hays

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

25 Vine Place
Sunderland
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SR1 3NA

Strategic report

The Directors present their strategic report for the year ended 31 October 2018, 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 for increasing post-tax profits 17% over last year's figures, thanks to the growth of turnover in our existing retail shops and through the opening of new branches.

The Directors are confident that growth in net profit will be achieved in the coming financial year through additional sales generated by new retail branches.

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

	2018	2017
	£000	£000
Turnover	149,102	133,931
Profit after tax	1,397	1,193
Current assets as % of current liabilities	587%	536%
Shareholders' equity	5,622	4,225
Average number of employees, excluding directors	105	100

Principal risk and uncertainties

The Company's principal financial investments comprise cash and cash equivalents. 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.

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.

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.

Market demand


Demand for foreign 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 the business, which is supported by the significant growth in the Group's retail business in 2018, and despite geopolitical challenges, including Brexit, that the sector faces.

On behalf of the Board

John Hays
Director

29 January 2019



Directors' report

The Directors present their report and financial statements for the year ended 31 October 2018.

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 £1,396,626 (2017 - £1,193,137). The Directors do not recommend a final dividend (2017 - £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
Marta Fernández Varona
Jane Schumm
Jonathan Hays

Future developments

The Directors will support the growth of the business through the opening of new bureaux in the new retail shops opened and to be opened by Hays Travel Limited.

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 under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

Employee involvement

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

Going concern

The Directors have considered the Company's current and future prospects and its availability of financing, and are satisfied that the 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. For this reason the Directors continue to adopt the going concern basis of preparation for these financial statements.

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.

Directors' report (continued)

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

A handwritten signature in black ink, appearing to read 'J Hays', is positioned above the printed name.

John Hays

Director

29 January 2019

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 2018 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 14, 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 2018 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Statement of Directors' Responsibilities set out on page 5, 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.

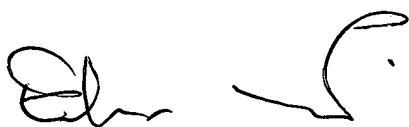
Auditor's responsibilities for the audit of the financial statements

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.



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

31 January 2019

Income statement

for the year ended 31 October 2018

	Notes	2018 £	2017 £
Turnover	2	149,102,456	133,931,136
Cost of sales		(145,077,276)	(130,356,703)
Gross profit		4,025,180	3,574,433
Operating expenses	3	(2,301,954)	(2,094,209)
Operating profit	4(a)	1,723,226	1,480,224
Bank interest receivable		970	-
Profit before taxation		1,724,196	1,480,224
Tax on profit	5	(327,570)	(287,087)
Profit for the financial year		1,396,626	1,193,137

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 2018

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 November 2016	2,000	3,030,202	3,032,202
Profit for the year	-	1,193,137	1,193,137
At 31 October 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

Balance sheet

at 31 October 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	6	633	6,376
Current assets			
Debtors	7	38,834	20,228
Cash at bank and in hand		6,754,614	5,165,446
		6,793,448	5,185,674
Creditors: amounts falling due within one year	8	(1,172,116)	(966,711)
Net current assets		5,621,332	4,218,963
Total assets less current liabilities		5,621,965	4,225,339
Net assets		5,621,965	4,225,339
Capital and reserves			
Called up share capital	9	2000	2,000
Profit and loss account	10	5,619,965	4,223,339
Total equity		5,621,965	4,225,339

The financial statements were approved and authorised for issue by the Board of Directors on 29 January 2019 and signed on their behalf by:



John Hays
Director

Notes to the financial statements

at 31 October 2018

1. Accounting policies

Statement of compliance

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

The Registered Office is:

25 Vine Place
Sunderland
Tyne and Wear
SR1 3NA

The Company's financial statements have been prepared in accordance with FRS102 as it applies to the financial statements of the Company for the year ended 31 October 2018.

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 25 Vine Place, Sunderland, Tyne and Wear, SR1 3NA.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared using accounting principles based on historical cost, unless stated otherwise.

The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £.

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.

Tangible fixed assets

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

Office equipment	–	over 5 years
Software	–	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.

Notes to the financial statements

at 31 October 2018

1. Accounting policies (continued)

Current taxation

Current tax, including UK corporation tax and foreign 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.

Foreign currencies

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

Monetary assets and liabilities 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 currency held by the Company is classified as cash.

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.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Pensions

The company operates a defined contribution scheme. The charge for pension costs in the year is the contributions payable to the pension scheme in respect of the accounting year.

2. Turnover

Turnover represents the sale and buyback value of currency or commission earned as an agent, and arises wholly within the UK. The sale of currency is exempt from value added tax.

3. Operating expenses

	2018	2017
	£	£
Distribution costs	149,317	78,008
Administrative expenses	2,152,637	2,016,201
	<u>2,301,954</u>	<u>2,094,209</u>

Notes to the financial statements

at 31 October 2018

4(a) Operating profit

This is stated after charging:

	2018	2017
	£	£
Auditor's remuneration	5,750	5,125
Depreciation of owned fixed assets	5,743	5,743
Foreign exchange losses	69,567	189,008

4(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.

4(c) Staff costs

	2018	2017
	£	£
Wages and salaries	1,722,957	1,538,113
Social security costs	97,415	82,672
Other pension costs	14,219	7,127
	1,834,591	1,627,912

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

	2018	2017
	No.	No.
Sales and administration	105	100

5. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	2018	2017
	£	£
<i>Current tax:</i>		
UK corporation tax	327,570	287,087
Total current tax	327,570	287,087
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on profit (note 5(b))	327,570	287,087

Notes to the financial statements

at 31 October 2018

5. Tax on profit (continued)

(b) Factors affecting tax charge for the year

	2018 £	2017 £
Profit before tax	1,724,196	1,480,224
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.42%)	327,597	287,460
<i>Effects of:</i>		
Deferred tax movements not recognised	(27)	(279)
Other differences	-	(94)
Total tax charge for year (note 5(a))	327,570	287,087

(c) Factors that may affect future tax charges

The Company has no brought forward tax losses.

Reductions in the rate of corporation tax from 20% to 19% from 1 April 2017 and 18% from 1 April 2020 were substantively enacted on 26 October 2016. A further rate reduction to 17% from 1 April 2020 was enacted on 6 September 2016.

The Company has a deferred tax asset of £4,452 (2017: £4,477) which has not been recognised on the grounds of materiality.

6. Tangible fixed assets

	Office equipment £	Motor vehicles £	Total £
Cost:			
At 1 November 2017 and 31 October 2018	1,975	13,555	15,530
Accumulated depreciation:			
At 1 November 2017	1,975	7,179	9,154
Charge for the year	-	5,743	5,743
At 31 October 2018	1,975	12,922	14,897
Net book value:			
At 31 October 2018	-	633	633
At 1 November 2017	-	6,376	6,376

Notes to the financial statements

at 31 October 2018

7. Debtors

	2018	2017
	£	£
Amounts due from group undertakings	11,158	376
Prepayments and accrued income	27,676	19,852
	<u>38,834</u>	<u>20,228</u>

8. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	35,775	33,885
Amounts due to associate undertaking	721,952	568,594
Corporation tax	327,570	288,057
Accruals and deferred income	68,780	76,175
Other creditors	18,039	-
	<u>1,172,116</u>	<u>966,711</u>

9. Issued share capital

	2018	2017	2018	2017
	No.	No.	£	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2,000	2,000	2,000	2,000

10. Reserves

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

11. Financial instruments

	2018	2017
	£	£
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	757,727	602,479
	<u>757,727</u>	<u>602,479</u>

12. Capital commitments

There were no capital commitments at 31 October 2018 (2017 - £nil).

Notes to the financial statements

at 31 October 2018

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.

During the current year, the Company made gross sales of £21,022,377 (2017: £17,055,925) to Just Go Travel Limited, a company in which the Group has a 40% shareholding. These transactions were on normal commercial terms. The balance owing at 31 October 2018 by the company was £721,952 (2017: £568,594) being commissions payable on gross sales.

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.