

Registered No. 04201735

Hays Beds Limited

Report and Financial Statements

31 October 2017

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COMPANIES HOUSE

Directors

John Hays
Jonathan Hays
Marta Fernandez Varona

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
Tyne and Wear
SR1 3NA

Strategic report

The Directors present their strategic report for the year ended 31 October 2017, 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 as the business continues generating profits.

The Directors are confident in maintaining existing profitability in the coming year with an increase of intercompany transactions.

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

	2017	2016
	£	£
Gross value of sales	23,430,346	35,253,346
Turnover	1,572,060	4,065,356
Profit after tax	563,607	872,177
Current assets as % of current liabilities	111%	114%
Shareholders' equity	2,338,369	1,774,762
Average number of employees (full-time equivalents)	5	5

Principal risks and uncertainties

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.

Credit risk

All business is through other Hays companies within the group which is under the same management control as Hays Travel Limited and within the Group Bank Pooling Facility.

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 buys foreign currencies to settle liabilities in those currencies. Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Currency is purchased as soon as possible thereafter to mitigate rate risk.

Market demand

Demand for holidays is vulnerable to general economic conditions. The Board seeks to manage capacity and the cost base to suit the prevailing market demand and identify new efficient routes to market to grow market share and maintain margins.

Regulation changes and competition

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

Strategic report

Principal risks and uncertainties (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 staff, an increasing reliance on computer systems and technology, and the protection of the reputation and good name of the business. Significant adverse experience or events in relation to any of these factors could impact upon the Company's trading performance and financial position.

On behalf of the Board



Marta Fernandez Varona
Director

22 January 2018

Directors' report

The Directors present their report and financial statements for the year ended 31 October 2017.

Principal activities

The Company's principal activity during the year was the provision of hotel accommodation to other group entities and external trade agents.

Results and dividends

The profit for the year, after taxation, amounted to £563,607 (2016 - £872,177). The Directors do not recommend a final dividend (2016 - £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
Jonathan Hays
Marta Fernandez Varona

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.

Future developments

Business growth will be driven through additional third party customers, and expanding our volumes through current and additional *Independence Group members*.

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

Company communication has continued to improve with a structured method of feeding out information from the Senior Leadership Team.

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

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



Marta Fernandez Varona
Director
22 January 2018

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 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 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 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 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 Beds Limited

Opinion

We have audited the financial statements of Hays Beds Limited for the year ended 31 October 2017 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 2017 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 Beds 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 Beds Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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.

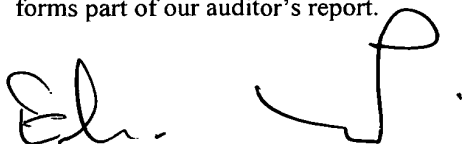
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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.

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.

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.



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

22 January 2018

Income statement

for the year ended 31 October 2017

	Notes	2017 £	2016 £
Gross value of sales	2	23,430,346	35,253,346
Turnover	2	1,572,060	4,065,356
Operating expenses	3	(1,056,634)	(3,132,378)
Operating profit	4(a)	515,426	932,978
Interest receivable		183,958	157,281
Profit before taxation		699,385	1,090,259
Tax on profit	5	(135,778)	(218,082)
Profit for the financial year		563,607	872,177

All activities are continuing.

The Company has no other comprehensive income other than the profit for the financial year reported above.

Statement of changes in equity

for the year ended 31 October 2017

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 November 2015	100	902,485	902,585
Profit for the year	-	872,177	872,177
At 31 October 2016	100	1,774,662	1,774,762
Profit for the year	-	563,607	563,607
At 31 October 2017	100	2,338,269	2,338,369

Balance sheet

at 31 October 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	6	2,665	4,672
Current assets			
Debtors	7	104,147	405,994
Cash at bank and in hand		23,083,232	14,361,624
		23,187,379	14,767,618
Creditors: amounts falling due within one year	8	(20,851,675)	(12,997,528)
Net current assets		2,335,704	1,770,090
Total assets less current liabilities		2,338,369	1,774,762
Net assets		2,338,369	1,774,762
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	2,338,269	1,774,662
Total equity shareholders' funds		2,338,369	1,774,762

The financial statements were approved and authorised for issue by the Board of Directors on 22 January 2018 and signed on their behalf by:



Marta Fernandez Varona
Director

Notes to the financial statements

at 31 October 2017

1. Accounting policies

Statement of compliance

Hays Beds 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 2017.

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 other than as described in the following accounting policies.

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.

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:

Fixtures, fittings and office equipment – 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.

Notes to the financial statements

at 31 October 2017

1. Accounting policies

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.

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 sales value of hotel accommodation earned as an agent, and arises wholly outside of the UK. The sale of accommodation outside of the UK, as agent, is outside of the scope of VAT. The sale of hotel accommodation is credited to the income statement broadly in line with receipt of full payment from the customer and in accordance with the nature of the services provided.

3. Operating expenses

	2017	2016
	£	£
Cost of sales	1,010,517	3,143,008
Administrative expenses	45,817	(11,163)
Distribution costs	300	533
	<u>1,056,634</u>	<u>3,132,378</u>

2016 administrative expenses were reduced by £18,092 from £6,929 to £(11,163) as this expense was a higher cost of sales.

Notes to the financial statements

at 31 October 2017

4(a) Operating profit

This is stated after charging/(crediting):

	2017	2016
	£	£
Auditor's remuneration	4,000	3,925
Depreciation of owned fixed assets	2,007	2,591
Foreign exchange gains	(118,996)	(153,421)

4(b) Staff costs

	2017	2016
	£	£
Wages and salaries	108,958	81,543
Social security costs	7,813	5,662
Other pension costs	524	488
	117,295	87,693

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

	2017	2016
	No.	No.
Sales and administration	5	5

5. Tax on profit

(a) Tax on profit

	2017	2016
	£	£
<i>Current tax:</i>		
UK corporation tax on profit for the year	135,778	218,082
Total current tax	135,778	218,082
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on profit (note 5(b))	135,778	218,082

Notes to the financial statements

at 31 October 2017

5. Tax on profit (continued)

(b) Factors affecting tax charge for the year

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Profit before tax	699,385	1,090,259
Profit multiplied by standard rate of corporation tax in the UK of 19.42% (2016 – 20%)	135,821	218,052
Effects of:		
Deferred tax movements not recognised	2	30
Other differences	(45)	-
Total tax charge for year (note 5(a))	135,778	218,082

(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 and has been applied to the company's deferred tax liability at the balance sheet date.

Deferred tax is not recognised as it is not material.

6. Tangible fixed assets

	Office equipment £	Software £	Total £
Cost:			
At 1 November 2016 and 31 October 2017	3,657	13,275	16,932
Accumulated depreciation:			
At 1 November 2016	2,312	9,948	12,260
Charge for the year	605	1,402	2,007
At 31 October 2017	2,917	11,350	14,267
Net book value:			
At 31 October 2017	740	1,925	2,665
At 1 November 2016	1,345	3,327	4,672

Notes to the financial statements

at 31 October 2017

7. Debtors

	2017	2016
	£	£
Trade debtors	11,368	194,558
Other debtors	-	4,105
Prepayments	1,800	91,991
Accrued income	89,617	115,340
Other taxes and social security	1,362	-
	<u>104,147</u>	<u>405,994</u>

8. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	10,879,478	8,005,711
Amounts due to group undertakings	9,757,487	4,706,097
Corporation tax	135,778	218,082
Other taxes and social security	-	535
Accruals and deferred income	78,932	67,103
	<u>20,851,675</u>	<u>12,997,528</u>

9. Issued share capital

	2017	2016	2017	2016
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>No.</i>	£	£
Ordinary shares of £1 each	100	100	100	100

10. Reserves

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

11. Financial instruments

	2017	2016
	£	£
Financial assets measured at amortised cost:		
Trade and other debtors	<u>11,368</u>	<u>198,663</u>
Financial liabilities recorded at amortised cost:		
Trade and other creditors	<u>10,879,478</u>	<u>8,005,711</u>

12. Capital commitments

There were no capital commitments at 31 October 2017 (2016 - £nil).

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.

Notes to the financial statements

at 31 October 2017

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.