

SAGA GROUP LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

31 JANUARY 2014



SAGA GROUP LIMITED

Strategic report

Review of Business Developments and principal activity

Saga Group Limited's principal activity is to provide some central administrative functions and services to other group companies. These services include IT, human resources, finance and central management functions. The Saga Group's principal activities are the provision of inclusive holidays, cruises and travel services, insurance and financial services, and domiciliary care services to people aged fifty and over.

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

	2014 £'000	2013 £'000	change %
Turnover	27,507	31,266	(12.0)
Cost of sales	(974)	(1,044)	7.1
Administrative and marketing expenses	(44,909)	(45,510)	(0.7)
Income from shares in group undertakings	130,500	99,500	31.1
Profit before taxation	<u>113,141</u>	<u>86,338</u>	31.0
Trading EBITDA	<u>(7,983)</u>	<u>(5,150)</u>	(55.0)
Average number of employees	<u>418</u>	<u>449</u>	(6.9)

The average monthly number of employees has decreased 6.9% over the previous year whilst Staff costs have decreased 1.8%. Administrative and marketing expenses have decreased 0.7% to £44,909,000.

For decision making and internal performance management, management's key performance metric is earnings before interest, tax, depreciation and amortisation which is adjusted to exclude exceptional items and income from shares in group undertakings (Trading EBITDA). Trading EBITDA for the year was a loss of £7,983,000, 55% lower than the previous year, following a change in the basis of recharge allocation throughout the Acromas group.

The profit for the year before taxation amounts to £113,141,000 (2013 - £86,338,000). After taxation, a profit of £116,295,000 (2013 - £89,229,000) has been taken to reserves. Profit has increased by 31% in the year due to the increase in income received from shares in group undertakings. No dividends have been paid in the year (2013 - £nil).

Principal risks and uncertainties

The business has developed an embedded enterprise risk management process that facilitates the identification, assessment, escalation and mitigation of the Company's risk exposure across every aspect and activity of the business. This framework enables the business to manage risk using predefined assessment criteria to ensure residual risk levels are in line with the Board's agreed risk appetite.

Risk information is formally reviewed on a quarterly basis and is a standard agenda item at each of the core business forums.

The principal risks have been grouped into the following categories:

SAGA GROUP LIMITED
Strategic report (continued)

Principal risks and uncertainties (continued)

1. Legislative Risks

The Group trades within regulated sectors of the economy such as financial services, package holidays and cruising, and domiciliary care. It is therefore required to comply with all relevant regulations.

2. Operational Risks

The Group faces a number of operational risks which are fundamental to its carrying on business including suppliers not being able to provide contracted services through force majeure, the risk associated with operating holidays, motoring, shipping and domiciliary care businesses, and business disruption due to infrastructure failures. The Group has put in place contingency plans to mitigate the impact of these risks, which are tested on an ongoing basis, and implemented processes and procedures to reduce the likelihood of occurrence, including operational resilience of systems.

3. Market Risk

The Group continues to operate in highly competitive markets with constant pressure on margins and market share. These risks are managed through promotion of the Group brands, continuing efforts to improve efficiency and reduce costs, and focus on customer service, quality and value for money. Appropriate information is utilised to monitor the external market.

4. Brand Risk

The Group recognises that Saga is a quality brand and a source of competitive advantage, and has in place policies and procedures to protect them at all times. Legal protections for brands, trade marks and other points of differentiation are put in place where possible.

Future developments

The Company will continue to provide administrative services to other group companies.

By order of the Board



V Haynes
Secretary
12 August 2014

SAGA GROUP LIMITED

Directors' report

Directors: J A Goodsell
S M Howard
L H L Batchelor (appointed 23 April 2014)

Secretary: V Haynes (appointed 31 July 2013)
A P Stringer (resigned 31 July 2013)

Registered Office: Enbrook Park, Folkestone, Kent CT20 3SE

Company Registration no: 638891

The Directors submit their report together with the Strategic Report, audited financial statements and notes to the financial statements for the year ended 31 January 2014.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under the 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 laws). 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 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 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.

It is the Group's policy to maintain indemnity insurance for Directors and officers.

Employee involvement

During the year the Company has maintained the practice of keeping employees informed about current activities and progress by various methods. Employee participation and involvement is encouraged.

SAGA GROUP LIMITED
Directors' report (continued)

Employment of disabled persons

It is the policy of the Company to develop a working environment and to offer terms and conditions of service to provide disabled persons, with the appropriate skills and qualifications, equal opportunities to seek and maintain employment with the Company. It is the Company's policy to retain in employment, whenever practicable, employees who become disabled and give all such employees equal consideration for training and career development to enable them to fulfil their promotion potential.

Disclosure of information to the auditors

Each current Director has made enquiries of their fellow directors and the Company's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Relevant audit information is that information needed by the auditor in connection with preparing the report. So far as each director approving this report is aware, and based on the above steps, there is no relevant audit information of which the auditor is unaware.

Auditors

In accordance with section 487(2) of the Companies Act 2006, the Auditors Ernst & Young LLP are deemed re-appointed.

By order of the Board



V Haynes
Secretary
12 August 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAGA GROUP LIMITED

We have audited the financial statements of Saga Group Limited for the year ended 31 January 2014 which comprise the Profit and Loss Account, the Reconciliation of movements in Shareholders' Funds, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state 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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities as set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2014 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.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Benjamin Gregory (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

13 August 2014

SAGA GROUP LIMITED**Profit and loss account for the year ended 31 January 2014**

	Note	2014 £'000	2013 £'000
Turnover	2	27,507	31,266
Cost of sales		(974)	(1,044)
Gross profit		<u>26,533</u>	<u>30,222</u>
Administrative and marketing expenses		(40,941)	(42,972)
Exceptional items	4	(3,968)	(2,538)
Total administrative and marketing expenses		<u>(44,909)</u>	<u>(45,510)</u>
Other operating income	3	1,017	1,608
Operating loss	4	<u>(17,359)</u>	<u>(13,680)</u>
Profit on disposal of fixed assets	9	-	518
Loss on ordinary activities before investment income, interest payable and taxation		<u>(17,359)</u>	<u>(13,162)</u>
Income from shares in group undertakings		130,500	99,500
Profit on ordinary activities before taxation		<u>113,141</u>	<u>86,338</u>
Taxation	8	3,154	2,891
Profit on ordinary activities after taxation	18	<u><u>116,295</u></u>	<u><u>89,229</u></u>

All income and expenditure arises from continuing operations.

There were no recognised gains or losses other than the amounts included above.

Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Total recognised gains and losses relating to the year	116,295	89,229
Net movement in shareholders' funds	<u>116,295</u>	<u>89,229</u>
Shareholders' funds brought forward	793,392	704,163
Shareholders' funds carried forward	<u><u>909,687</u></u>	<u><u>793,392</u></u>

Notes 1 to 24 form an integral part of these financial statements.

SAGA GROUP LIMITED
Balance sheet as at 31 January 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	9	10,410	17,734
Investment in subsidiary undertakings	10	101,981	110,981
		<u>112,391</u>	<u>128,715</u>
Current assets			
Stock		22	22
Debtors	11	1,594,069	2,307,926
Cash on deposit	12	32,173	384,973
Cash at bank and in hand		23,523	122
		<u>1,649,787</u>	<u>2,693,043</u>
Creditors - amounts falling due within one year	13	(851,681)	(2,026,482)
		<u>798,106</u>	<u>666,561</u>
Net current assets			
		910,497	795,276
Total assets less current liabilities			
Creditors - amounts falling due after more than one year	14	-	(1,884)
Provisions for liabilities	16	(810)	-
		<u>909,687</u>	<u>793,392</u>
Net assets			
		909,687	793,392
Capital and reserves			
Called up share capital	17	3,617	3,617
Share premium account	18	84	84
Profit and loss account	18	905,986	789,691
		<u>909,687</u>	<u>793,392</u>
Shareholders' funds			
		909,687	793,392

Signed for and on behalf of the Board by



S M Howard
 Director
 12 August 2014

Notes 1 to 24 form an integral part of these financial statements.

SAGA GROUP LIMITED
Notes to the financial statements

1 Accounting policies

a Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards as defined in the Companies Act 2006 s.464.

The Company has taken advantage of the exemption under the Companies Act 2006 s.400 not to prepare and deliver group financial statements as it is a wholly owned subsidiary of the ultimate holdings company Acromas Holdings Limited. As such, these financial statements show only the results of the individual company and not the group.

Investments in subsidiaries are accounted for at the lower of cost and net realisable value. The carrying values of the subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

b Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. The cost of fixed assets less their expected residual value is depreciated by equal instalments over their useful economic lives. These lives are as follows:

Leasehold properties	over the period of the lease.
Fixtures & fittings	3 - 10 years
Plant and Machinery	3 - 10 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

c Operating leases

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

d Stocks

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

e Deferred taxation

Deferred tax 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. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

f Pension benefits

Annual contributions are made to the Saga Pension Scheme, a UK defined benefit pension scheme on the advice of actuaries for funding of retirement benefits in order to build up reserves for participating employees during the employee's working life to pay to the employee or dependent a pension after retirement.

The Company is one of a number of Saga companies participating in the Scheme, and its contributions are affected by the financial position of the Scheme as a whole. As it is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, the Company accounts for its pension expense on a defined contribution basis in accordance with FRS 17 (Retirement benefits). The costs of providing these benefits are charged to the profit and loss account on a regular basis. Amounts charged to operating profit represent the contributions payable to the scheme in the year.

g Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an item of expense, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

h Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

i Cash flow statement

The Directors have taken advantage of the exemption available under FRS 1 (Cash flow statements) from the requirement to prepare a cash flow statement as a consolidated cash flow statement has been presented in the financial statements of the ultimate parent undertaking, Acromas Holdings Limited.

j Income from shares in group undertakings

Interim dividend revenue is recognised when paid, and final dividends are recognised when approved.

k Interest income

Interest on the Company's investment and current accounts is recognised as interest accrues from bank deposits.

l Turnover

Revenue is recognised when services are provided.

m Exceptional items

Items which derive from events or transactions that fall outside of the ordinary activities of the Company and which are material, or if of a similar type are material in aggregate, are treated as exceptional. Exceptional items are charged or credited to the profit and loss account as appropriate and are separately reported on the face of the profit and loss account.

SAGA GROUP LIMITED
Notes to the financial statements (continued)

2. Turnover

Turnover represents the invoiced amount of administrative services supplied to other group companies and revenue from the provision of canteen and crèche services to group employees. All business is carried out in the UK and is stated net of VAT.

3. Other operating income	2014	2013
	£'000	£'000
Interest on deposits	<u>1,017</u>	<u>1,608</u>
4. Operating loss	2014	2013
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	6,421	7,528
Depreciation of leased tangible fixed assets	5	72
Deferred government grant release	(1,949)	(65)
Auditors' remuneration - audit of financial statements	30	23
Operating lease rentals – land and buildings	4,015	2,378
Operating lease rentals – plant and machinery	754	731
Exceptional item – restructuring costs	4,086	1,815
Exceptional item – aborted acquisition	-	537
Exceptional item – other	<u>(118)</u>	<u>186</u>

The exceptional items relate to restructuring expenditure costs primarily relating to redundancy costs, professional fees and the re-organisation of Group operations.

Any fees paid to the Company's auditor, Ernst & Young LLP, for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of the ultimate parent undertaking, Acromas Holdings Limited, are required to disclose non-audit fees on a consolidated basis.

See note 14 for details of the government grant release.

The audit fee that the Company has paid on behalf of other Group entities is £67,000 (2013 - £59,500).

SAGA GROUP LIMITED**Notes to the financial statements (continued)**

5. Directors' remuneration	2014	2013
	£'000	£'000
Aggregate remuneration in respect of qualifying services	2,426	2,430
Members of defined benefit pension scheme	2	2

The Directors remuneration shown above relates to J A Goodsell and S M Howard. Whilst both of these Directors hold directorships in other group companies, the full amount of their remuneration is included above as it would not be practicable to apportion their remuneration between their services as Directors of the Company and their services as Directors of other group companies.

The amounts paid in respect of the highest paid Director were as follows:

	2014	2013
	£'000	£'000
Aggregate remuneration in respect of qualifying services	1,557	1,557
Defined benefit pension scheme:		
Accrued pension at end of year	96	89

6. Staff costs	2014	2013
	£'000	£'000
Wages and salaries	15,749	15,985
Social security costs	1,597	1,704
Pension costs	941	956
Other costs	279	281
	18,566	18,926
Average number of persons employed during the year was:	418	449

SAGA GROUP LIMITED

Notes to the financial statements (continued)

7. Pension benefits

The Company is a member of the Saga Pension Scheme which is a defined benefit scheme.

The Company is one of a number of Saga companies participating in the Scheme, and its contributions are affected by the financial position of the Scheme as a whole. As it is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, the Company accounts for its pension expense on a defined contribution basis in accordance with FRS 17 (Retirement benefits). The FRS 17 deficit (gross of deferred taxation) of the Scheme at 31 January 2014 was £14.9 million (2013 - £nil).

Further details of the Scheme can be found in the financial statements of the ultimate holding company, Acromas Holdings Limited.

8. Taxation

	2014	2013
	£'000	£'000
Current tax		
UK corporation tax at 23.16% (2013 – 24.33%) – current year	(3,108)	(2,545)
Adjustments relating to prior years	869	(67)
	<u>(2,239)</u>	<u>(2,612)</u>
Deferred tax		
Origination and reversal of timing differences	(641)	(461)
Adjustment in respect of prior periods	(579)	69
Effect of tax rate change on opening balance	305	113
	<u>(915)</u>	<u>(279)</u>
	<u>(3,154)</u>	<u>(2,891)</u>
Reconciliation of Current Tax Credit:	2014	2013
	£'000	£'000
Pre-tax profit at 23.16% (2013 – 24.33%)	26,203	21,006
Non taxable dividend income	(30,223)	(24,208)
Depreciation in excess of capital allowances	703	547
Permanent differences	170	170
Other timing differences	39	(60)
Adjustments relating to prior years	869	(67)
Current tax credit for the year	<u>(2,239)</u>	<u>(2,612)</u>

The tax credit relating to the exceptional items amounts to £415,000 (2013 - £457,000).

The tax credit for the current and prior year is entirely made up of receipts from other group companies for group relief.

SAGA GROUP LIMITED
Notes to the financial statements (continued)

9. Tangible fixed assets

	Short Leasehold Land & Buildings £'000	Fixtures & Fittings £'000	Computers Plant & Machinery £'000	Total £'000
Cost				
At 1 February 2013	5,020	20,969	26,055	52,044
Additions	-	570	1,677	2,247
Transfers	-	-	(11,164)	(11,164)
At 31 January 2014	<u>5,020</u>	<u>21,539</u>	<u>16,568</u>	<u>43,127</u>
Depreciation				
At 1 February 2013	3,037	12,988	18,285	34,310
Charge for year	5	3,008	3,413	6,426
Transfers	-	-	(8,019)	(8,019)
At 31 January 2014	<u>3,042</u>	<u>15,996</u>	<u>13,679</u>	<u>32,717</u>
Net book amounts				
At 31 January 2014	<u>1,978</u>	<u>5,543</u>	<u>2,889</u>	<u>10,410</u>
At 31 January 2013	<u>1,983</u>	<u>7,981</u>	<u>7,770</u>	<u>17,734</u>

During the year the Company transferred various items to Saga Services Limited, a fellow group undertaking. The transfers took place at net book value and were settled for a profit of £1.

10. Investment in subsidiaries

	Subsidiary Undertakings £'000
Cost	
At 1 February 2013	138,242
Capital repayment	(9,000)
At 31 January 2014	<u>129,242</u>
Provision for impairment	
At 1 February 2013 and 31 January 2014	<u>27,261</u>
Net book amount	
At 31 January 2014	<u>101,981</u>
Net book amount	
At 31 January 2013	<u>110,981</u>

SAGA GROUP LIMITED

Notes to the financial statements (continued)

10. Investment in subsidiaries (continued)

On the 31st January 2014, the Company received a repayment of part of the investment in Acromas Holidays Limited of £9,000,000. This amount was received in cash.

The main operating subsidiary undertakings whose ordinary shares are directly held by Saga Group Limited are Saga Services Limited, Direct Choice Insurance Services Limited, Acromas Financial Services Limited, Saga Publishing Limited and MetroMail Limited.

The Company also wholly owns a dormant company Acromas Travel Limited, which holds shares in Acromas Holidays Limited, which in turn holds shares in Acromas Transport Limited, Titan Transport Limited and Acromas Shipping Limited. Acromas Shipping Limited holds shares in Saga Cruises Limited, Saga Cruises IV Limited and Enbrook Cruises Limited.

Company	Country of registration	Nature of business
Saga Services Limited	England	Financial services
Direct Choice Insurance Services Limited	England	Insurance services
Acromas Financial Services Limited	England	Regulated investment products
Acromas Holidays Limited	England	Tour operating
Acromas Transport Limited	England	Tour operating
Titan Transport Limited	England	Tour operating
Acromas Shipping Limited	England	Cruising
Saga Cruises Limited	England	Cruising
Saga Cruises IV Limited	England	Cruising
Enbrook Cruises Limited	England	Cruising
Saga Publishing Limited	England	Publishing
MetroMail Limited	England	Mailing house

SAGA GROUP LIMITED**Notes to the financial statements (continued)**

11. Debtors	2014	2013
	£'000	£'000
Trade debtors	678	16
Amount owed by group undertakings	1,584,472	2,298,106
Other debtors	1,519	2,635
Prepayments and deferred expenditure	4,690	5,396
Corporation tax recoverable	34	12
Deferred taxation	2,676	1,761
	<u>1,594,069</u>	<u>2,307,926</u>

Deferred tax comprises of short term timing differences of £94,000 (2013 - £69,000) and an excess of depreciation over capital allowances of £2,582,000 (2013 - £1,692,000).

The Finance Act 2012 reduced the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and the Finance Act 2013 enacted a further reduction to 20% with effect from 1 April 2015. As a result the deferred tax balance at 31 January 2014 has been calculated at 20%.

All amounts above are due in less than one year, except for deferred tax.

12. Cash on deposit	2014	2013
	£'000	£'000
Deposits with financial institutions	<u>32,173</u>	<u>384,973</u>

There are no deposits with maturity dates in excess of one year.

13. Creditors - amounts falling due within one year

	2014	2013
	£'000	£'000
Bank overdraft	9	570
Trade creditors	418	601
Amounts due to group undertakings	837,309	2,010,745
Other taxes and social security	2,983	3,267
Deferred government grants	-	65
Other creditors	1,359	1,391
Accruals and deferred income	9,603	9,843
	<u>851,681</u>	<u>2,026,482</u>

The reduction in Amounts due to group undertakings is a result of cash flows associated with the debt held by Acromas Mid Co Limited during the year. Further information is given in note 21.

SAGA GROUP LIMITED**Notes to the financial statements (continued)****14. Creditors - amounts falling due after more than one year**

	2014 £'000	2013 £'000
Deferred government grants	-	1,884

The balance of the grant has been released to the profit and loss account during the year, due to all of the terms of the grant being satisfied.

15. Lease commitments

The annual commitment under non-cancellable operating leases is as follows:

	2014 £'000	2013 £'000
Land and buildings		
Leases expiring:		
Within one year	-	20
Between two and five years	115	121
After five years	3,880	3,896
	<u>3,995</u>	<u>4,037</u>
Plant and machinery		
Leases expiring:		
Within one year	151	73
Between two and five years	260	387
	<u>411</u>	<u>460</u>

16. Provisions for liabilities

	Other Provisions £'000
Funded July 2013	1,091
Utilised during the year	(281)
Balance as at 31 January 2014	<u>810</u>

The provision relates to various group related, self-funded insurance arrangements.

17. Called up share capital

	2014 £'000	2013 £'000
Allotted, called up and fully paid		
18,086,076 ordinary shares at 20p each	<u>3,617</u>	<u>3,617</u>

SAGA GROUP LIMITED

Notes to the financial statements (continued)

18. Reserves	Share Premium		Profit and Loss	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Balance at beginning of the year	84	84	789,691	700,462
Profit for the year	-	-	116,295	89,229
Balance at the end of the year	<u>84</u>	<u>84</u>	<u>905,986</u>	<u>789,691</u>

19. Related party transactions

The Company has taken advantage of the exemption within FRS 8 (Related party disclosures) in not disclosing transactions with other entities in the Acromas group of companies.

20. Contingent liabilities

Whilst the Company has committed to provide ongoing financial support (as required) to certain other group companies with net liabilities at the year end, in the opinion of the Directors no material loss will arise in respect of this financial support.

21. Cross company guarantees

The Company, along with certain of its fellow subsidiaries, acted as Obligor on bank loans made to Acromas Mid Co Limited. At 31 January 2013, the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £5,132.1 million.

On 2 July 2013 and 7 November 2013, Acromas Mid Co Limited repaid a significant part of its bank loans reducing the outstanding principal amount to £1,257.3 million. At 31 January 2014, the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £1,295.8 million.

Subsequent to the reporting period, on 25 April 2014, the Saga group entered into new debt financing arrangements and the bank loans held by Acromas Mid Co Limited were repaid and the obligations of the Company in respect of those bank loans were discharged.

The Company, along with certain of its fellow subsidiaries, acts as Obligor on the new banks loans held by Saga Mid Co Limited which, on 25 April 2014, had an outstanding principal amount of £1,250.0 million. On 29 May 2014, Saga Mid Co Limited repaid £550.0 million of its bank loans reducing the outstanding principal amount to £700.0 million.

Subsequent to these transactions, the principal, accrued interest, guarantees and other facilities outstanding on these bank loans, and for which the Company acts as Obligor, is approximately £740.0 million.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

22. Ultimate parent undertaking

The immediate parent undertaking is Saga Leisure Limited, a company which is registered in England and Wales. The Company is wholly owned by Saga Leisure Limited.

The financial statements of the Company have been consolidated in the group financial statements of Acromas Holdings Limited, a company which is registered in England and Wales.

23. Ultimate controlling party

The Directors consider the ultimate controlling party to be funds advised by Charterhouse General Partners, CVC Capital Partners and Permira Advisers acting in concert.

24. Post balance sheet event

On 29 May 2014, Saga plc, an intermediate parent undertaking for the Saga group, was admitted to the London Stock Exchange.

In respect of the year ending 31 January 2015, Saga plc will be the parent company of the smallest group of which the Company is a member and for which group financial statements are prepared.