

**SAGA GROUP LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 JANUARY 2012**

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**SAGA GROUP LIMITED**  
**Directors' report**

Directors J A Goodsell  
S M Howard

Secretary J Davies

Registered Office Enbrook Park, Folkestone, Kent CT20 3SE

Company Registration no 638891

The Directors submit their report together with the audited financial statements for the year ended 31 January 2012

**Review of Business Developments and principal activity**

The Company's principal activity is to provide administrative services to other group companies. The 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

	<b>2012</b>	<b>2011</b>	<b>change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Turnover	32,033	-	100
Administrative and marketing expenses (excluding impairment)	(42,429)	(6,272)	(576.5)
Impairment of investments	(12,332)	(13,945)	11.6
Total administrative and marketing expenses	(54,761)	(20,217)	(170.9)
Income from shares in group undertakings	90,000	85,500	5.3
Profit before taxation	<u>68,447</u>	<u>66,673</u>	2.7
EBITDA	<u>(3,717)</u>	<u>(1,744)</u>	(131.3)
Average number of employees	<u>457</u>	<u>513</u>	(10.9)

The average monthly number of employees has decreased 10.9% over the previous year whilst Staff costs have increased 9.2%. Administrative and marketing expenses have increased 65.8% to £10,396,000.

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 (EBITDA). EBITDA for the year was £3,717,000 loss, down 131.3% on the previous year.

The profit for the year before taxation amounts to £68,447,000 (2011 - £66,673,000). After taxation, a profit of £70,519,000 (2011 - £67,317,000) has been taken to reserves. No dividends have been paid in the year (2011 - £nil).

**SAGA GROUP LIMITED**  
**Directors' report (continued)**

**Principal Risks And Uncertainties**

The Company follows a structured risk identification and assessment process that involves all of its Directors and which is updated on an ongoing basis

The principal risks have been grouped into the following categories

*Market Risk*

The Company's subsidiaries continue to operate in highly competitive markets with increasing numbers of competitors identifying that the over 50's is an attractive market segment. This could lead to increased price competition with the effect of reduced margins or reduced market share. These risks are managed through promotion of the group brand and continuing efforts to improve efficiency and reduce costs.

*Brand Risk*

The Company recognises that the Saga brand is a key differentiator and source of competitive advantage, and brand damage from low quality products or services could have an adverse impact on the Company.

*Operational Risk*

Key operational risks faced by the Company's subsidiaries include call centre disruption through loss of telephony or IT infrastructure, loss of physical infrastructure (such as building loss or access restrictions) or insufficient staff being available to service customer requirements.

In order to manage these risks, the Company has put in place rigorous procedures and controls designed to prevent these risks occurring or, where this is not possible, to mitigate their effects. These controls are monitored both by the Compliance and Internal Audit functions to ensure they are working effectively.

**Future developments**

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

**Employee involvement**

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

**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.

**SAGA GROUP LIMITED**  
**Directors' report (continued)**

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' 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,
- 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.

**Disclosure of information to the auditors**

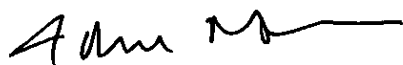
Each current Director has made enquiries of their fellow directors and the Company's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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



J Davies  
Secretary  
24 July 2012

## **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 2012 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 Directors' Responsibilities Statement 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 Directors' report and Financial Statements to identify material inconsistencies with the audited financial statements. 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 2012 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 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  
July 2012

**SAGA GROUP LIMITED****Profit and loss account for the year ended 31 January 2012**

	Note	2012 £'000	2011 £'000
<b>Turnover</b>	2, 23	32,033	-
Cost of sales		-	-
<b>Gross profit</b>		32,033	-
Administrative and marketing expenses		(40,761)	(4,778)
Exceptional items	4	(14,000)	(15,439)
<b>Total administrative and marketing expenses</b>		(54,761)	(20,217)
Other operating income	3	1,244	1,396
<b>Operating loss</b>	4	(21,484)	(18,821)
Income from shares in group undertakings		90,000	85,500
Interest payable and similar charges	5	(69)	(6)
<b>Profit on ordinary activities before taxation</b>		68,447	66,673
Taxation	9	2,072	644
<b>Profit on ordinary activities after taxation</b>	18	70,519	67,317

All income and expenditure arises from continuing operations.

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

<b>Reconciliation of movements in shareholders' funds</b>	2012 £'000	2011 £'000
Total recognised gains and losses relating to the year	70,519	67,317
Net movement in shareholders' funds	70,519	67,317
Shareholders' funds brought forward	633,644	566,327
Shareholders' funds carried forward	<u>704,163</u>	<u>633,644</u>

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

**SAGA GROUP LIMITED**  
**Balance sheet as at 31 January 2012**

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Tangible assets	10	29,885	21,546
Investment in subsidiary undertakings	11	338,723	154,946
		<u>368,608</u>	<u>176,492</u>
<b>Current assets</b>			
Stock		17	14
Debtors	12	1,856,411	1,576,578
Cash on deposit	13	155,365	245,846
Cash at bank and in hand		224	126
		<u>2,012,017</u>	<u>1,822,564</u>
<b>Creditors - amounts falling due within one year</b>	14	(1,674,513)	(1,363,398)
<b>Net current assets</b>		<u>337,504</u>	<u>459,166</u>
<b>Total assets less current liabilities</b>		706,112	635,658
<b>Creditors - amounts falling due after more than one year</b>	15	(1,949)	(2,014)
<b>Net assets</b>		<u>704,163</u>	<u>633,644</u>
<b>Capital and reserves</b>			
Called up share capital	17	3,617	3,617
Share premium account	18	84	84
Profit and loss account	18	700,462	629,943
<b>Shareholders' funds</b>		<u>704,163</u>	<u>633,644</u>

Signed for and on behalf of the Board by



S M Howard  
Director  
24 July 2012

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

#### **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

#### **f Pension benefits**

Annual contributions are made to the 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.



## SAGA GROUP LIMITED

### Notes to the financial statements (continued)

- g Government grants**  
Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments
- 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) of 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**  
Revenue is recognised when the Company's right to receive payment is established
- k Interest income**  
Revenue is recognised as interest accrues
- l Turnover**  
Revenue is recognised when the Company's right to receive payment is established

#### 2. Turnover

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

3. Other operating income	2012	2011
	£'000	£'000
Interest on deposits	<u>1,244</u>	<u>1,396</u>

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

<b>4. Operating loss</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Operating loss is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	4,791	2,616
Depreciation of leased tangible fixed assets	220	418
Deferred government grant release	(65)	(234)
Fees for the audit of the Company	18	17
Operating lease rentals – land and buildings	1,771	1,490
Operating lease rentals – plant and machinery	722	615
Exceptional item – remedial works	-	5
Exceptional item – dilapidations	-	300
Exceptional item – restructuring costs	1,668	1,189
Exceptional item – impairment review	12,332	13,945

The exceptional items relate to (a) residual costs associated with a major one-off programme of remedial works to an office building, (b) dilapidation costs incurred on a warehouse after expiry of lease; (c) restructuring expenditure costs primarily relating to redundancy costs, professional fees and the re-organising of Group operations; and (d) impairment review charges relating to investment in subsidiaries (see note 10)

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

<b>5. Interest payable and similar charges</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Inter-company interest	69	4
Other interest payable	-	2
	<u>69</u>	<u>6</u>

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

<b>6. Directors' emoluments</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments in respect of qualifying services	<u>2,361</u>	<u>2,304</u>
Members of defined benefit pension scheme	<u>2</u>	<u>2</u>

The Directors emoluments shown above relate to J A Goodsell and S M Howard. Whilst both of these Directors hold directorships in other group companies, the full amount of their emoluments are included above as it would not be practicable to apportion their emoluments 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.-

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments in respect of qualifying services	<u>1,512</u>	<u>1,476</u>
Defined benefit pension scheme	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Accrued pension at end of year	<u>83</u>	<u>77</u>

<b>7. Staff costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	16,407	15,023
Social security costs	1,573	1,422
Pension costs	1,136	1,128
Other costs	339	239
	<u>19,455</u>	<u>17,812</u>
Average number of persons employed during the year was	<u>457</u>	<u>513</u>

**SAGA GROUP LIMITED****Notes to the financial statements (continued)****8. 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 is accounting for its pension expense on a defined contribution basis in accordance with FRS 17 (Retirement benefits). The FRS 17 surplus (gross of deferred taxation) of the Scheme at 31 January 2012 was £0.9 million (2011 - £7.2 million)

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

**9. Taxation**

	2012 £'000	2011 £'000
UK corporation tax at 26.32% (2011 – 28%) – current year	(2,294)	(1,487)
Adjustments relating to prior years	69	55
Current tax	(2,225)	(1,432)
Deferred tax – Origination and reversal of timing differences	88	291
Deferred tax – Adjustment in respect of prior periods	(61)	426
Deferred tax – Effect of tax rate change on opening balance	126	71
	<u>(2,072)</u>	<u>(644)</u>

Reconciliation of Current Tax Credit:-	2012 £'000	2011 £'000
Pre-tax profit at 26.32% (2011 – 28%)	18,015	18,668
Non taxable dividend income	(23,688)	(23,940)
Accelerated capital allowances	(103)	(277)
Provisions against capital investments and loans	3,246	3,905
Permanent differences	226	181
Other timing differences	10	(24)
Adjustments relating to prior years	69	55
Current tax credit for the year	<u>(2,225)</u>	<u>(1,432)</u>

The tax credit relating to the exceptional items amounts to £420,000 (2011 - £333,000)

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

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

**10. Tangible fixed assets**

	Short Leasehold Land & Buildings £'000	Assets Under Construction £'000	Fixtures & Fittings £'000	Computers Plant & Machinery £'000	Total £'000
<b>Cost</b>					
At 1 February 2011	11,609	3,919	12,628	15,459	43,615
Additions	127	163	4,442	8,618	13,350
Transfers	4,082	(4,082)	-	-	-
At 31 January 2012	<u>15,818</u>	<u>-</u>	<u>17,070</u>	<u>24,077</u>	<u>56,965</u>
<b>Depreciation</b>					
At 1 February 2011	2,979	-	8,632	10,458	22,069
Charge for year	220	-	1,845	2,946	5,011
At 31 January 2012	<u>3,199</u>	<u>-</u>	<u>10,477</u>	<u>13,404</u>	<u>27,080</u>
<b>Net book amounts</b>					
At 31 January 2012	<u>12,619</u>	<u>-</u>	<u>6,593</u>	<u>10,673</u>	<u>29,885</u>
At 31 January 2011	<u>8,630</u>	<u>3,919</u>	<u>3,996</u>	<u>5,001</u>	<u>21,546</u>

**11. Investment in subsidiaries**

	Subsidiary Undertakings £'000
<b>Cost</b>	
At 1 February 2011	170,135
Additions	257,109
Disposals	(61,260)
At 31 January 2012	<u>365,984</u>
<b>Provision for impairment</b>	
At 1 February 2011	15,189
Charge for year	12,332
Disposals	(260)
At 31 January 2012	<u>27,261</u>
<b>Net book amount</b>	
At 31 January 2012	<u>338,723</u>
<b>Net book amount</b>	
At 31 January 2011	<u>154,946</u>

## SAGA GROUP LIMITED

### Notes to the financial statements (continued)

#### 11. Investment in subsidiaries (continued)

The main operating subsidiary undertakings of Saga Group Limited, all of whose ordinary shares are directly held with the exception of Saga Cruises Limited, Saga Cruises II Limited, Enbrook Cruises Limited, Acromas Shipping Limited and Acromas Holidays Limited, are listed below. Acromas Shipping Limited holds shares in Saga Cruises Limited, Saga Cruises II Limited and Enbrook Cruises Limited. Acromas Holidays holds shares in Acromas Shipping Limited. Acromas Travel Limited holds shares in Acromas Holidays Limited.

Company	Country of registration	Nature of business
Acromas Holidays Limited	England	Tour Operating
Acromas Transport Limited	England	Tour Operating
Acromas Travel Limited	England	Tour Operating
Acromas Shipping Limited	England	Cruising
Saga Cruises Limited	England	Cruising
Saga Cruises II Limited	England	Cruising
Enbrook Cruises Limited	England	Cruising
Saga Cruises BDF Limited	England	Cruising
Saga Services Limited	England	Financial services
Direct Choice Insurance Services Limited	England	Insurance services
Saga Publishing Limited	England	Publishing
MetroMail Limited	England	Mailing house
Saga Independent Living Limited	England	Domiciliary care
Nestor Healthcare Group Limited	England	Domiciliary care
Allied Healthcare Group Holdings Limited	England	Domiciliary care

On 1 February 2011 the Company acquired the whole of the issued share capital of Nestor Healthcare Group Limited for a consideration (including costs) of £134,192,000. Consideration for the transaction was settled in cash, with the exception of share options with a value of £2,329,000 which will be settled in the future.

On 20 October 2011 the Company acquired the whole of the issued share capital of Allied Healthcare Group Holdings Limited for a consideration (including costs) of £113,917,000. Consideration for the transaction was settled in cash.

On 8 December 2010 the Company disposed of its subsidiary undertaking, Acromas Insurance Company Limited to Acromas Bidco Limited, a fellow group undertaking of the ultimate parent undertaking, Acromas Holdings Limited. The disposal was made at book value (£61,000,000) and no profit or loss arose in the Company's books on the transfer. The disposal is recorded within the current year disposals figure of £61,260,000 shown above. The 2011 comparative Balance Sheet has not been restated for this acquisition as in the opinion of the Directors, the error is not considered to be so significant that it would destroy the true and fair view, and therefore the validity, of the financial statements.

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

<b>12. Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	69	170
Amount owed by group undertakings	1,849,710	1,570,072
Other Debtors	3,301	2,885
Prepayments and deferred expenditure	1,849	1,816
Deferred taxation	1,482	1,635
	<u>1,856,411</u>	<u>1,576,578</u>

Deferred tax comprises of short term timing differences of £76,000 (2011 - £136,000), an excess of depreciation over capital allowances of £1,342,000 (2011 - £1,499,000), and tax losses of £64,000 (2011 £nil)

Legislation was introduced in Finance Act 2011 to reduce the main rate of corporation tax from 26% to 25% with effect from 1 April 2012. The effect of this reduction is reflected in the deferred tax balance recorded on the balance sheet. Since the balance sheet date, the UK government has substantively enacted new legislation to reduce the corporation tax rate further to 24% with effect from 1 April 2012 and announced its intent to legislate to reduce the rate further by 1% per annum to 22% with effect from 1 April 2014.

The Directors estimate that the effect of these changes will reduce the Company's deferred tax asset by £200,000.

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

<b>13. Cash on deposit</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Deposits with financial institutions	<u>155,365</u>	<u>245,846</u>

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

Included in the above deposits for the prior period, £132,907,000 of monies were held in an escrow account in relation to the purchase of the Nestor Healthcare Group Limited (see note 11).

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

	2012	2011
	£'000	£'000
Bank overdraft	218	151
Trade creditors	1,033	727
Due to group undertakings	1,658,461	1,348,345
Corporation tax	69	-
Other taxes and social security	1,964	1,883
Deferred government grants	65	65
Other creditors	1,115	3,920
Accruals and deferred income	11,588	8,307
	<u>1,674,513</u>	<u>1,363,398</u>

**15. Creditors - amounts falling due after more than one year**

	2012	2011
	£'000	£'000
Deferred government grants	<u>1,949</u>	<u>2,014</u>

**16. Lease commitments**

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

	2012	2011
	£'000	£'000
Land and buildings		
Leases expiring.		
Within one year	-	59
Between two and five years	177	62
After five years	<u>1,712</u>	<u>1,306</u>
	<u>1,889</u>	<u>1,427</u>
Plant and machinery		
Leases expiring		
Within one year	119	155
Between two and five years	<u>432</u>	<u>441</u>
	<u>551</u>	<u>596</u>

**17. Called up share capital**

	2012	2011
	£'000	£'000
<b>Allotted, called up and fully paid</b>		
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	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Balance at beginning of the year	84	84	629,943	562,626
Profit for the year	-	-	70,519	67,317
Balance at the end of the year	84	84	700,462	629,943

**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. Ultimate parent undertaking**

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

**21. Cross company guarantees**

The Company, along with certain of its fellow subsidiaries, acts as Obligor on bank loans made to Acromas Mid Co Limited. At the balance sheet date the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £5,098.2 million (2011 - £5,034.7 million).

**22. 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.

**23. Amounts recharged to fellow group undertakings**

Amounts recharged to fellow group undertakings have been separately identified in the current year. The prior year profit and loss account has not been restated to separately identify amounts recharged to fellow group undertakings, as in the opinion of the Directors, the error is not considered to be so significant that it would destroy the true and fair view, and therefore the validity, of the financial statements. The corresponding amounts recharged to fellow group undertakings in the current year are included within administrative and marketing expenses.

**24. 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.