

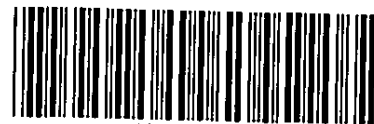
638891

SAGA GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 JANUARY 2013

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SAGA GROUP LIMITED
Directors' report

Directors J A Goodsell
S M Howard

Secretary A P Stringer (appointed 17 August 2012)
J Davies (resigned 17 August 2012)

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 2013

Review of Business Developments and principal activity

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

	2013	2012	change
	£'000	£'000	%
Turnover	29,947	32,033	(6.5)
Administrative and marketing expenses (excluding impairment)	(45,235)	(42,429)	(6.6)
Impairment of investment in subsidiaries	-	(12,332)	100.0
Total administrative and marketing expenses	(45,235)	(54,761)	17.4
Income from shares in group undertakings	99,500	90,000	10.6
Profit before taxation	<u>86,338</u>	<u>68,447</u>	26.1
EBITDA	<u>(5,150)</u>	<u>(3,717)</u>	(38.6)
Average number of employees	<u>449</u>	<u>457</u>	(1.8)

The average monthly number of employees has decreased 1.8% over the previous year whilst Staff costs have decreased 2.7%. Administrative and marketing expenses (excluding impairment of investment in subsidiaries) have increased 6.6% to £45,235,000.

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 £5,150,000 loss, down 38.6% on the previous year.

The profit for the year before taxation amounts to £86,338,000 (2012 - £68,447,000). After taxation, a profit of £89,229,000 (2012 - £70,519,000) has been taken to reserves. No dividends have been paid in the year (2012 - £nil).

SAGA GROUP LIMITED
Directors' report (continued)

Principal risks and uncertainties

The Group follows a structured, proactive risk identification and assessment process that involves all of its Directors and management team, is considered at Boards, Executive Committees, and other operational committees throughout the Group, and which is updated on an ongoing basis.

Extensive use of operational and financial information is made to monitor the performance of the various businesses, the Group, and the external environment allowing the Directors and Subsidiary Directors and management teams to take action when appropriate. In addition, the Group has dedicated resources supporting the business including internal audit, risk management, regulatory compliance, quality monitoring and health and safety.

In view of the diversity of the Group's principal activities and its brands, the principal risks and uncertainties facing the Group, together with the actions taken to manage or mitigate them, have been grouped under six headings as follows.

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. Each regulated subsidiary ensures it does this through dedicated compliance teams, appropriately designed processes and procedures, and the use of information relevant for monitoring purposes.

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.

SAGA GROUP LIMITED
Directors' report (continued)

Principal risks and uncertainties (continued)

5. Credit Risk

The Group is required to comply with the provisions of its loan agreements. The Group has put in place corporate governance procedures and financial controls to ensure that these are complied with and has taken out interest rate hedges in line with its policy on managing interest rate risk. Monitoring of the Group's performance against the requirements of its loan agreements is performed monthly, quarterly and annually as prescribed by the loan agreements and includes an annual certificate of compliance from the Group's auditors.

6 Liquidity Risk

The Group pays a significant proportion of the cash it generates to its lenders in line with the provisions of its loan agreements. The Group produces annual budgets which it reforecasts on a monthly basis. Each week, it produces a rolling three month cash flow forecast and monitors this closely to ensure that the Group is generating sufficient free cash flow to make payments as they fall due.

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, 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.

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



A P Stringer
Secretary
23 July 2013

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 2013 which comprise the Profit and Loss Account, the Reconciliation of movements in Shareholders' Funds, the Balance Sheet and the related notes 1 to 23. 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 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 2013 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

2 July 2013

SAGA GROUP LIMITED**Profit and loss account for the year ended 31 January 2013**

	Note	2013 £'000	2012 £'000
Turnover	2	29,947	32,033
Cost of sales		-	-
Gross profit		<u>29,947</u>	<u>32,033</u>
Administrative and marketing expenses		(42,697)	(40,761)
Exceptional items	4	(2,538)	(14,000)
Total administrative and marketing expenses		<u>(45,235)</u>	<u>(54,761)</u>
Other operating income	3	1,608	1,244
Operating loss	4	<u>(13,680)</u>	<u>(21,484)</u>
Profit on disposal fixed assets	10	518	-
Profit on ordinary activities before investment income, interest and taxation		<u>86,338</u>	<u>68,447</u>
Income from shares in group undertakings		99,500	90,000
Interest payable and similar charges	5	-	(69)
Profit on ordinary activities before taxation		<u>86,338</u>	<u>68,447</u>
Taxation	9	2,891	2,072
Profit on ordinary activities after taxation	18	<u>89,229</u>	<u>70,519</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

	2013 £'000	2012 £'000
Total recognised gains and losses relating to the year	89,229	70,519
Net movement in shareholders' funds	<u>89,229</u>	<u>70,519</u>
Shareholders' funds brought forward	704,163	633,644
Shareholders' funds carried forward	<u>793,392</u>	<u>704,163</u>

Notes 1 to 23 form an integral part of these financial statements.

SAGA GROUP LIMITED
Balance sheet as at 31 January 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	10	17,734	29,885
Investment in subsidiary undertakings	11	110,981	338,723
		<u>128,715</u>	<u>368,608</u>
Current assets			
Stock		22	17
Debtors	12	2,307,926	1,856,411
Cash on deposit	13	384,973	155,365
Cash at bank and in hand		122	224
		<u>2,693,043</u>	<u>2,012,017</u>
Creditors - amounts falling due within one year	14	(2,026,482)	(1,674,513)
Net current assets		<u>666,561</u>	<u>337,504</u>
Total assets less current liabilities		795,276	706,112
Creditors - amounts falling due after more than one year	15	(1,884)	(1,949)
Net assets		<u>793,392</u>	<u>704,163</u>
Capital and reserves			
Called up share capital	17	3,617	3,617
Share premium account	18	84	84
Profit and loss account	18	789,691	700,462
Shareholders' funds		<u>793,392</u>	<u>704,163</u>

Signed for and on behalf of the Board by



S M Howard
Director
23 July 2013

Notes 1 to 23 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

Dividend 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

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

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

	2013	2012
	£'000	£'000
Interest on deposits	1,608	1,244

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

4. Operating loss	2013	2012
	£'000	£'000
Operating loss is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	7,528	4,791
Depreciation of leased tangible fixed assets	72	220
Deferred government grant release	(65)	(65)
Auditors' remuneration - audit of financial statements	23	18
Operating lease rentals – land and buildings	2,378	1,771
Operating lease rentals – plant and machinery	731	722
Exceptional item – remedial works	61	-
Exceptional item – dilapidations	125	-
Exceptional item – restructuring costs	1,815	1,668
Exceptional item – aborted acquisition	537	-
Exceptional item – impairment review	-	12,332

The exceptional items relate to (a) retention costs associated with a major one-off programme of remedial works to an office building, (b) dilapidation costs accrued on a call centre due to expiry of the lease, (c) restructuring expenditure costs primarily relating to redundancy costs, professional fees and the re-organising of Group operations; (d) aborted acquisition costs, and (e) impairment following the review of the carrying value of subsidiaries

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.

5. Interest payable and similar charges	2013	2012
	£'000	£'000
Inter-company interest	-	69
	<u>-</u>	<u>69</u>

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

6. Directors' remuneration	2013	2012
	£'000	£'000
Aggregate remuneration in respect of qualifying services	2,430	2,361
	<u>2</u>	<u>2</u>

Members of defined benefit pension scheme

The Directors remuneration 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 remuneration are 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:-

	2013	2012
	£'000	£'000
Aggregate remuneration in respect of qualifying services	1,557	1,512
	<u>2013</u>	<u>2012</u>
Defined benefit pension scheme	<u>£'000</u>	<u>£'000</u>
Accrued pension at end of year	89	83

7. Staff costs	2013	2012
	£'000	£'000
Wages and salaries	15,985	16,407
Social security costs	1,704	1,573
Pension costs	956	1,136
Other costs	281	339
	<u>18,926</u>	<u>19,455</u>
Average number of persons employed during the year was:	<u>449</u>	<u>457</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 2013 was £nil (2012 - £0.9 million).

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

9. Taxation	2013 £'000	2012 £'000
UK corporation tax at 24.33% (2012 – 26.32%) – current year	(2,545)	(2,294)
Adjustments relating to prior years	(67)	69
Current tax	(2,612)	(2,225)
Deferred tax – Origination and reversal of timing differences	(461)	88
Deferred tax – Adjustment in respect of prior periods	69	(61)
Deferred tax – Effect of tax rate change on opening balance	113	126
	<u>(2,891)</u>	<u>(2,072)</u>
Reconciliation of Current Tax Credit -	2013 £'000	2012 £'000
Pre-tax profit at 24.33% (2012 – 26.32%)	21,006	18,015
Non taxable dividend income	(24,208)	(23,688)
Depreciation in excess of / (less than) capital allowances	547	(103)
Provisions against capital investments and loans	-	3,246
Permanent differences	170	226
Other timing differences	(60)	10
Adjustments relating to prior years	(67)	69
Current tax credit for the year	<u>(2,612)</u>	<u>(2,225)</u>

The tax credit relating to the exceptional items amounts to £457,000 (2012 - £420,000)

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	Fixtures & Fittings £'000	Computers Plant & Machinery £'000	Total £'000
Cost				
At 1 February 2012	15,818	17,070	24,077	56,965
Additions	295	4,383	1,978	6,656
Transfers	(11,093)	(484)	-	(11,577)
At 31 January 2013	<u>5,020</u>	<u>20,969</u>	<u>26,055</u>	<u>52,044</u>
Depreciation				
At 1 February 2012	3,199	10,477	13,404	27,080
Charge for year	72	2,647	4,881	7,600
Transfers	(234)	(136)	-	(370)
At 31 January 2013	<u>3,037</u>	<u>12,988</u>	<u>18,285</u>	<u>34,310</u>
Net book amounts				
At 31 January 2013	<u>1,983</u>	<u>7,981</u>	<u>7,770</u>	<u>17,734</u>
At 31 January 2012	<u>12,619</u>	<u>6,593</u>	<u>10,673</u>	<u>29,885</u>

During the year the Company disposed of various freehold land and buildings to Acromas Insurance Company Limited, a fellow group undertaking. The disposals were effected at market value and settled in cash, resulting in a profit of £518,000 (2012 - £nil).

11. Investment in subsidiaries

	Subsidiary Undertakings £'000
Cost	
At 1 February 2012	365,984
Additions	20,429
Disposals	(248,171)
At 31 January 2013	<u>138,242</u>
Provision for impairment	
At 1 February 2012 and 31 January 2013	<u>27,261</u>
Net book amount	
At 31 January 2013	<u>110,981</u>
Net book amount	
At 31 January 2012	<u>338,723</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, Saga Cruises IV 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, Saga Cruises IV Limited and Enbrook Cruises Limited. Acromas Holidays Limited holds shares in Acromas Shipping Limited. Acromas Travel Limited holds shares in Acromas Holidays Limited.

Company	Country of registration	Nature of business
Saga Services Limited	England	Financial services
Acromas Financial 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

On 15 January 2013 the Company made an additional investment of £20,367,000 in Acromas Holidays Limited. Consideration for the transaction was settled in cash.

On 11 September 2012 the Company disposed of its subsidiary undertakings, Nestor Healthcare Group Limited and Allied Healthcare Group Holdings Limited, to Acromas Bidco Limited, a fellow group undertaking of the ultimate parent undertaking, Acromas Holdings Limited. The disposals were made at book value (£134,199,000 and £113,972,000 respectively) and no profit or loss arose in the Company's books. The disposals are recorded within the current year disposals figure shown above.

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

12. Debtors	2013	2012
	£'000	£'000
Trade debtors	16	69
Amount owed by group undertakings	2,298,106	1,849,710
Other debtors	2,635	3,301
Prepayments and deferred expenditure	5,396	1,849
Corporation tax recoverable	12	-
Deferred taxation	1,761	1,482
	<u>2,307,926</u>	<u>1,856,411</u>

Deferred tax comprises of short term timing differences of £69,000 (2012 - £76,000), an excess of depreciation over capital allowances of £1,692,000 (2012 - £1,342,000), and tax losses of £nil (2012 £64,000)

The Finance Act 2012 reduced the main rate of corporation tax from 26% to 24% with effect from 1 April 2012, and further reduced it from 24% to 23% with effect from 1 April 2013. As this reduction was substantively enacted on 3 July 2012, the deferred tax balance at 31 January 2013 has been stated at 23%

The Chancellor has announced that he intends to further reduce the main rate of Corporation Tax to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. The Directors estimate that the effect of this proposed rate change will reduce the Company's deferred tax balance by £224,000.

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

13. Cash on deposit	2013	2012
	£'000	£'000
Deposits with financial institutions	<u>384,973</u>	<u>155,365</u>

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

14. Creditors - amounts falling due within one year

	2013	2012
	£'000	£'000
Bank overdraft	570	218
Trade creditors	601	1,033
Amounts due to group undertakings	2,010,745	1,658,461
Corporation tax	-	69
Other taxes and social security	3,267	1,964
Deferred government grants	65	65
Other creditors	1,391	1,115
Accruals and deferred income	9,843	11,588
	<u>2,026,482</u>	<u>1,674,513</u>

SAGA GROUP LIMITED**Notes to the financial statements (continued)****15. Creditors - amounts falling due after more than one year**

	2013 £'000	2012 £'000
Deferred government grants	1,884	1,949

16. Lease commitments

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

	2013 £'000	2012 £'000
Land and buildings		
Leases expiring:		
Within one year	20	-
Between two and five years	121	177
After five years	3,896	1,712
	<u>4,037</u>	<u>1,889</u>
Plant and machinery		
Leases expiring:		
Within one year	73	119
Between two and five years	387	432
	<u>460</u>	<u>551</u>

17. Called up share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid		
18,086,076 ordinary shares at 20p each	<u>3,617</u>	<u>3,617</u>

18. Reserves

	Share Premium		Profit and Loss	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Balance at beginning of the year	84	84	700,462	629,943
Profit for the year	-	-	89,229	70,519
Balance at the end of the year	<u>84</u>	<u>84</u>	<u>789,691</u>	<u>700,462</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.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

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, 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 £5,132.1 million (2012 - £5,098.2 million)

On 2 July 2013, the Group repaid a significant part of the bank loans held by Acromas Mid Co Limited. The Company continues to act as Obligor on the bank loans entered into by Acromas Mid Co Limited but following the repayment, the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was reduced to £1,614.8 million

22. Ultimate parent undertaking

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

The financial statements of the Company have been consolidated in the group financial statements of Acromas Bid Co Limited (a parent undertaking) and Acromas Holdings Limited (the ultimate parent undertaking), both of which are registered in England and Wales

Acromas Bid Co Limited is the parent company of the smallest group of which the Company is a member and for which group financial statements are prepared.

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