

**SAGA GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 JANUARY 2020**



**SAGA GROUP LIMITED**  
**Company information**

Directors: E A Sutherland (appointed 31 January 2020)  
L H L Batchelor (resigned 31 January 2020)  
J Quin  
D Moore

Secretary: V Haynes

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

Company Registration no: 00638891

Auditor: KPMG LLP, 15 Canada Square, London E14 5GL

## SAGA GROUP LIMITED

### Strategic Report

The Directors submit the annual report and the audited financial statements for Saga Group Limited ("the Company") for the year ended 31 January 2020.

#### Review of business developments and principal activity

Saga Group Limited is an indirectly held subsidiary of Saga plc. Saga plc and its subsidiaries are collectively referred to as the Saga Group (the "Group").

Saga Group Limited's principal activity is to provide central administrative functions to other companies in the Group. These services include IT, human resources, finance, group marketing, change management, property maintenance, training and development, internal audit, legal advice, risk management, company secretarial services and central management. The Group's principal activities are the provision of package holidays and escorted tours, cruises, insurance, financial services, domiciliary care and other services to people in the UK aged fifty and over.

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

	2020 £'000	2019 £'000	change %
Turnover	46,773	44,969	4.0
Cost of sales	(1,666)	(1,695)	1.7
Administrative and marketing expenses	(68,154)	(61,371)	(11.1)
Income from shares in group undertakings	125,000	90,000	38.9
Profit before taxation	183,222	69,661	163.0
Average number of employees	660	596	10.7

Administrative and marketing expenses have increased to £68,154k due to increased amortisation of new IT systems that have been implemented, coupled with the centralisation of costs, which previously resided in other Group companies.

The increase in Turnover is predominately due to an increase in recharges to the companies within the Group.

The profit for the year before taxation amounts to £183,222k (2019: £69,661k). After taxation, a profit of £188,751k (2019: £74,139k) has been taken to reserves. Dividends of £nil have been paid in the year (2019: £800,000k).

Dividends received from group undertakings were £125,000k (2019: £90,000k).

**SAGA GROUP LIMITED**  
**Strategic Report (continued)**

**Principal risks and uncertainties**

The Group has agreed systems and processes to govern our approach to risk management. These systems encompass: ensuring that an effective risk assessment and management system is in place; agreeing the principal risks and uncertainties the business should accept in pursuit of its strategic objectives and regularly reviewing the status of these; ensuring that a suitable risk culture is embedded throughout Saga.

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:

*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.

*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.

*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.

*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, trademarks and other points of differentiation are put in place where possible.

*Brexit risk*

At the end of January 2020, the United Kingdom (UK) left the European Union (EU) with an agreed deal and entered into a transition period, which is due to end in December 2020. Whilst there is uncertainty around the terms of any future trading agreements between the UK and the EU and other countries, the Company is not currently anticipating any material adverse impacts arising from the end of the transition period.

**SAGA GROUP LIMITED**  
**Strategic Report (continued)**

**Principal risks and uncertainties (continued)**

*Intra-Group Risk*

The Company is part of the Saga plc Group of companies, and therefore has some exposure to risks that may materialise in other companies within the Saga plc Group. Management work closely with colleagues across the Group, providing input into and oversight of the reporting, management and mitigation of material risks, including the Group's response to COVID-19.

As a guarantor of various Group obligations, the Company is exposed to the risk that it would have to assume these obligations in the event that the Group is not able to honour its commitments. The Company also provides a super security to the Trustees of the Saga Pension Scheme, which ranks before any liabilities under the Group's bank facilities. The Company has a reasonable expectation that the Group will continue to honour its commitments as they fall due.

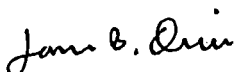
*COVID-19 risk*

The COVID-19 outbreak has created a major challenge and a high level of uncertainty for all companies. COVID-19 has had a severe impact on the Saga Group within which the Company operates, with all holiday departures and cruises in the Group's Travel division having to be cancelled since March 2020, and it is still uncertain as to when departures will commence again. The Group is taking mitigating actions by managing its cash flow and has enabled all of its head office employees to work from home. The Group has also renegotiated terms with its debt financiers to enable the Group to support its Travel business with intercompany lending through a period of no revenues and high levels of cancellations, whilst being able to operate within the terms of those facilities.

**Future developments**

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

By order of the Board



J Quin  
Director  
15 July 2020

**SAGA GROUP LIMITED**  
**Directors' Report**

The Directors submit the Directors' Report of the Company for the year ended 31 January 2020.

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' Report, Strategic Report and 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 accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

**Duty to promote the success of the company**

The directors have had regard for the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when performing their duty under section 172. The directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business.

**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 employee newsletter. Employee participation and involvement is encouraged. Regular employee engagement surveys are conducted to monitor employees' opinions and to help shape future development. A cultural model called 'The Saga Way' has been introduced to help guide the behaviour of employees in the pursuit of the Group's strategy. It is built around our extraordinary brand and our ability to understand and create what our customer needs in order to make the lives of our customers better.

**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, qualifications and 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.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development and performance and its exposure to risk and its management of these risks, including the COVID-19 pandemic are described on pages 2-4.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Please see note 2b for further details. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**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.

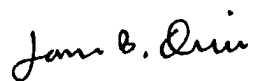
Relevant audit information is that information needed by the auditor in connection with preparing its report. So far as each Director approving this report is aware, and based on the above steps, there is no relevant audit information of which the auditor is unaware.

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

**Auditors**

In accordance with section 487(2) of the Companies Act 2006, the auditor KPMG LLP is deemed re-appointed.

By order of the Board

A handwritten signature in black ink, appearing to read 'J. Quin', written in a cursive style.

J Quin  
Director  
15 July 2020



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

### **Opinion**

We have audited the financial statements of Saga Group Limited ("the Company") for the year ended 31 January 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

**(continued)**

### **Strategic Report and Directors' Report**

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAGA GROUP LIMITED**  
**(continued)**

**The purpose of our audit work and to whom we owe our responsibilities**

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.



Cheryl Mason (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

15 Canada Square  
Canary Wharf  
London  
E14 5GL

17 July 2020

**SAGA GROUP LIMITED****Income statement for the year ended 31 January 2020**

	Note	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>(restated)</b> <b>£'000</b>
<b>Turnover</b>	3	46,773	44,969
Cost of sales		(1,666)	(1,695)
<b>Gross profit</b>		<u>45,107</u>	<u>43,274</u>
Administrative and marketing expenses		(68,154)	(61,371)
Intra-group loan forgiven	4	83,390	-
<b>Operating profit/(loss)</b>	4	<u>60,343</u>	<u>(18,097)</u>
Income from shares in group undertakings		125,000	90,000
<b>Profit on ordinary activities before interest and taxation</b>		<u>185,343</u>	<u>71,903</u>
Interest receivable and similar income	5	72	1
Interest payable and similar charges	6	(2,293)	(2,243)
Other finance income – defined benefit pension plans	21	100	-
<b>Profit on ordinary activities before taxation</b>		<u>183,222</u>	<u>69,661</u>
Taxation	9	5,529	4,478
<b>Profit for the financial year</b>		<u><u>188,751</u></u>	<u><u>74,139</u></u>

Notes 1 to 30 form an integral part of these financial statements.

**SAGA GROUP LIMITED**

**Statement of comprehensive income for the year ended 31 January 2020**

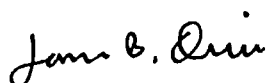
	Note	2020 £'000	2019 (restated) £'000
<b>Profit for the financial year</b>		188,751	74,139
<b>Other comprehensive income:</b>			
<b>Other comprehensive income not to be reclassified to profit and loss account in subsequent years</b>			
Re-measurement gains on defined benefit plans	21	(5,400)	2,100
Tax on items relating to components of other comprehensive income	9	918	(357)
<b>Total other comprehensive (loss)/income, net of tax</b>		<u>(4,482)</u>	<u>1,743</u>
<b>Total comprehensive income for the year</b>		<u><u>184,269</u></u>	<u><u>75,882</u></u>

Notes 1 to 30 form an integral part of these financial statements.

**SAGA GROUP LIMITED**  
**Balance sheet as at 31 January 2020**

	Note	2020 £'000	2019 (restated) £'000
<b>Fixed assets</b>			
Intangible assets	10	9,006	10,303
Tangible assets	11	56,334	51,983
Investments in subsidiaries	12	57,710	83,827
		<u>123,050</u>	<u>146,113</u>
<b>Current assets</b>			
Debtors – amounts falling due after more than one year	13	868,631	810,604
Debtors – amounts falling due within one year	13	28,780	46,583
Cash on deposit	14	-	76
Cash at bank and in hand		-	27,786
		<u>897,411</u>	<u>885,049</u>
<b>Creditors – amounts falling due within one year</b>	15	(471,354)	(611,988)
<b>Net current assets</b>		<u>426,057</u>	<u>273,061</u>
<b>Total assets less current liabilities</b>		549,107	419,174
Creditors – amounts falling due after more than one year	16	(134,079)	(190,316)
Provisions for liabilities	18	(507)	(1,213)
Retirement benefit scheme obligations	21	(5,500)	(2,800)
<b>Net assets</b>		<u>409,021</u>	<u>224,845</u>
<b>Capital and reserves</b>			
Called-up share capital	19	3,617	3,617
Share premium account		84	84
Capital contribution reserve	20	43,909	44,002
Retained earnings		361,411	177,142
<b>Shareholders' funds</b>		<u>409,021</u>	<u>224,845</u>

Signed for and on behalf of the Board by



J Quin  
Director  
15 July 2020

Notes 1 to 30 form an integral part of these financial statements.

**SAGA GROUP LIMITED**
**Statement of changes in equity for the year ended 31 January 2020**

	<b>Called-up Share Capital £'000</b>	<b>Share Premium Account £'000</b>	<b>Capital Contribution Reserve £'000</b>	<b>Retained Earnings £'000</b>	<b>Total Shareholders' Funds £'000</b>
<b>At 1 February 2018 (as reported)</b>	3,617	84	43,307	907,323	954,331
IFRS 16 adjustment	-	-	-	(6,063)	(6,063)
<b>At 1 February 2018 (restated)</b>	3,617	84	43,307	901,260	948,268
Profit for the financial year (restated)	-	-	-	74,139	74,139
Other comprehensive income	-	-	-	1,743	1,743
Dividends paid	-	-	-	(800,000)	(800,000)
Share based payment charge	-	-	695	-	695
<b>At 31 January 2019 (restated)</b>	3,617	84	44,002	177,142	224,845
Profit for the financial year	-	-	-	188,751	188,751
Other comprehensive income	-	-	-	(4,482)	(4,482)
Share based payment credit	-	-	(93)	-	(93)
<b>At 31 January 2020</b>	<b>3,617</b>	<b>84</b>	<b>43,909</b>	<b>361,411</b>	<b>409,021</b>

Notes 1 to 30 form an integral part of these financial statements.

**SAGA GROUP LIMITED**  
**Notes to the financial statements**

**1. General information**

Saga Group Limited (the "Company") is a company incorporated and domiciled in the UK (Company No. 00638891) with a registered office: Enbrook Park, Sandgate, Folkestone, Kent CT20 3SE.

**2. Significant accounting policies**

**a) Basis of preparation**

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), in accordance with applicable accounting standards and on a going concern basis. The Company has reviewed the appropriateness of the going concern basis in preparing the financial statements, particularly in light of the COVID-19 pandemic, details of which are included in note 2b. Based on those assumptions, the Directors have concluded that it remains appropriate to adopt the going concern basis in preparing the financial statements.

The Company's financial statements are presented in the Company's functional currency, sterling, and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Saga plc. These financial statements present information about the Company as an individual undertaking and not about its group.

The consolidated financial statements of Saga plc, within which this Company is included, can be obtained from the address given in note 26.

The Company has taken advantage of the following disclosure exemptions under FRS101:

- a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 "Share Based Payment" because the share based payment arrangement concerns the instruments of another group entity
- b) the requirements of IFRS 7 "Financial Instruments: Disclosures"
- c) the requirements of paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement"
- d) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 "Revenue from Contracts with Customers"
- e) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 "Leases".



## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **a) Basis of preparation (continued)**

- f) the requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:
  - i) paragraph 79(a)(iv) of IAS 1;
  - ii) paragraph 73(e) of IAS 16 "Property, Plant and Equipment"; and
  - iii) paragraph 118(e) of IAS 38 "Intangible Assets"
- g) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D, 111 and 134-136 of IAS 1 "Presentation of Financial Statements"
- h) the requirements of IAS 7 "Statement of Cash Flows"
- i) the requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
- j) the requirements of paragraph 17 of IAS 24 "Related Party Disclosures"
- k) the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

##### **b) Going concern**

The Directors continue to have a reasonable expectation that the Company has adequate resources to continue in operation for the next twelve months and that the going concern basis of accounting remains appropriate.

The Company's business activities, together with the factors likely to affect its future development and performance, its exposure to risk and its management of these risks, are described on pages 2-4. As a consequence, the Directors believe that the Company is well-placed to successfully manage its business risks.

The COVID-19 outbreak has created a major challenge and a high level of uncertainty for all companies. COVID-19 has had a severe impact on Travel business within the group that the Company operates, with all holiday departures and cruises having to be cancelled since March 2020, and it is still uncertain as to when departures will commence again. The Saga Group is taking mitigating actions by managing its cash flow and has enabled all of its head office employees to work from home.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **b) Going concern (continued)**

The Company, and the Saga Group, has undertaken stress testing that considered the potential impact of the COVID-19 pandemic on its financial resilience. Such testing ranged from a cessation of holidays and cruises in the Group's Travel business until September 2020 through to as far as May 2021, with prudent assumptions around the level of cash cancellations. The modelling also included a range of mitigating actions that the directors are taking to manage cash flow through this period, including cost reductions, deferral of capital expenditure and utilising payment holidays available on the capital repayments due on the debt facilities drawn to fund the purchase of both the Spirit of Discovery and Spirit of Adventure. As part of this modelling, the Travel business has forecast the need to rely on intercompany borrowing from its parent company, Saga Group Limited. The level of borrowing required by the Travel business is permissible within the Saga Group's renegotiated debt covenants. Whilst the Group's Insurance business has not been affected in as such a severe way, the stress testing included the anticipated impact on the sale of travel and private medical insurance, with a combined adverse impact of these being c.£10m profit.

As disclosed in note 25 of the financial statements, the Company acts a guarantor on a contract for the construction of a new cruise ship and for oil swap derivatives and cross-indemnifies a bond required for membership of the ABTA trade body for other companies within the Group. In addition to this, as part of the Saga plc Group, the Company provides the provision of shared back-office functions such as finance, treasury, IT, HR, Risk and Compliance. The Directors have therefore had to also consider the potential impact on the Company of trading stresses in other businesses within the Saga plc Group of companies and possible financial demands that may be placed on the Company.

Further details about the range of downside forecasts for the Group are contained in note 2.1 of the Group financial statements and these have continued to be refined in light of experience since the point of approving those financial statements. From these considerations the Directors have a reasonable expectation that these stresses and potential demands will not undermine the going concern basis of accounting for the Company.

While the impact of the COVID-19 situation cannot be accurately predicted and it is not possible to assess all possible future implications for the company, the Directors believe that the Company is in a financially stable position that will enable it to trade through the current period of disruption in a range of severe but plausible downside scenarios.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **c) Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year, that are not readily apparent from other sources. However, the nature of estimation means that actual outcomes may differ from those estimates, and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **i) Useful economic lives of tangible fixed assets**

The annual depreciation charge for tangible fixed assets and amortisation charge for intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of tangible fixed assets, note 10 for the carrying amount of intangible fixed assets and notes 2e) and 2(f) for the useful economic lives for each class of asset.

##### **ii) Taxation**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

##### **iii) Valuation of pension benefit obligation**

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **d) Financial instruments**

###### **i) Financial assets**

On initial recognition, a financial asset is classified as either amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value Through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

###### Financial assets at amortised cost

###### *Initial Recognition*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not elected to be designated as a FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### *Subsequent Measurement*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss as they are incurred. Any gain or loss on derecognition is recognised in profit or loss immediately.

###### Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

###### *Initial Recognition*

A debt investment is measured at FVOCI if it meets both of the following conditions and is not elected to be designated as FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **d) Financial instruments (continued)**

###### **i) Financial assets (continued)**

###### *Subsequent Measurement*

Debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are recycled to profit or loss.

Equity investments are measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

###### Financial assets at Fair Value Through Profit and Loss (FVTPL)

###### *Initial Recognition*

All financial assets not classified as amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably elect to designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This election is made on an investment-by-investment basis.

A financial asset is initially measured at fair value less, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

###### *Subsequent Measurement*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

###### Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or when the Company has transferred substantially all the risks and rewards relating to the asset to a third party.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **d) Financial instruments (continued)**

###### **ii) Impairment of financial assets**

The IFRS 9 expected credit loss (ECL) impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI.

The Company measures loss allowances at an amount equal to 12-month ECLs, except for the following, which are measured as lifetime ECLs:

- Debt securities that are determined to have high credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'. The Company considers this to be BBB or higher as per Standard & Poor's rating scale.

###### **Measurement of ECLs**

ECLs are measured as a probability-weighted estimate of credit losses. Credit losses are measured as the probability of default in conjunction with the present value of the Company's exposure. ECLs are recognised as a provision in the statement of financial position with a corresponding charge to the income statement or statement of other comprehensive income, in line with the recognition criteria of the underlying asset.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **d) Financial instruments (continued)**

##### **ii) Impairment of financial assets (continued)**

###### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. In such an event, the lifetime ECL will be recognised in lieu of the 12-month ECL.

##### **iii) Financial liabilities**

###### Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include intercompany payables and loans and borrowings.

###### Subsequent measurement

After initial recognition, interest bearing loans and borrowings and other payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest payable and costs in the income statement.

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **e) Turnover**

Turnover represents the invoiced amount of administration services supplied to other companies in the Group 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.

##### **f) Intangible fixed assets**

Computer software costs recognised as assets are amortised over their estimated useful lives, which does not ordinarily exceed three years.

Intangible computer software fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. The cost of computer software intangible fixed assets less their expected residual value is amortised by equal instalments over their useful economic lives.

Intangible assets capitalised as a result of development activities are amortised from the point in time when the asset is available for commercial use.

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

##### **g) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes 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:

Land and buildings	5 – 15 years
Fixtures, fittings and equipment	3 - 15 years
Computers, plant and other equipment	3 - 15 years



## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **g) Tangible fixed assets (continued)**

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the period of derecognition.

##### **h) Provisions for liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **i) Leases**

The Company has adopted IFRS 16 'Leases' for the first time in the year ended 31 January 2020. The Company applied IFRS 16 retrospectively and the details of the new accounting policies for leases are disclosed below. See note 30 for a reconciliation of the impact on the financial statements arising from the transition to IFRS 16.

The Company leases various offices, warehouses and vehicles. The contract length of the lease varies considerably and may include extension or termination options as described below.

Leases are initially recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Where it is reasonably certain that an extension option will be triggered in a contract, lease payments to be made in respect of the option will be included in the measurement of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used. This is the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment, with similar terms, security and conditions.

The finance cost is charged to the income statement over the lease period using the effective interest rate method and the lease liability is measured at amortised cost using the effective interest rate method.

Right-of-use assets are measured at cost comprising the present value of future lease payments plus any initial direct costs and restoration costs. Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and all leases of low-value assets are expensed in profit or loss as incurred in line with the exemption allowed under paragraph 6 of IFRS 16. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with an individual item value of US\$ 5,000 or less.

Extension and termination options are included in property leases in the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Extension and termination options held are exercisable only by the Company and not by the respective lessor.

Income arising from leases where the Company acts as lessor is recognised on a straight-line basis over the lease term and is included in operating income.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **j) Cash and short-term deposits**

Cash and short term deposits in the statement of financial position comprise cash at bank, on hand and short term deposits with a maturity of three months or less from their inception date.

##### **k) Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **l) Retirement benefit schemes**

The Company operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit valuation method.

Actuarial gains and losses arising in the year are credited/charged to other comprehensive income and comprise the effects of changes in actuarial assumptions and experience adjustments due to differences between the previous actuarial assumptions and what has actually occurred. In particular, the difference between the interest income and the actual return on plan assets is recognised in other comprehensive income.

Other movements in the net surplus or deficit, which include the current service cost, any past service cost and the effect of any curtailment or settlements, are recognised in the income statement. Past service costs are recognised in the income statement on the earlier of the date of plan curtailment and the date that the Company recognises restructuring-related costs. The interest cost less interest income on assets held in the plans is also charged to the income statement.

The defined benefit scheme is funded, with assets of the scheme held separately from those of the Company, in a separate trustee administered fund. Scheme assets are measured using market values, and scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Full actuarial valuations are obtained at least triennially and are updated at each reporting date. The resulting defined benefit asset or liability is presented separately after other net assets and liabilities on the face of the statement of financial position. The value of a pension benefit asset is restricted to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

For the defined contribution scheme, the amount charged to the income statement is the total contributions payable in the year.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **m) Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

##### **n) Impairment of investment in subsidiaries**

The Company undertakes a full impairment review of the carrying value of investment in subsidiaries at each reporting date. If such an indication exists, the recoverable amount is estimated and compared to the carrying amount. If the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to its recoverable amount and the impairment loss is recognised immediately in the income statement.

##### **o) Income from shares in group undertakings**

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

##### **p) Income taxes**

###### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

###### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available in future periods against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **p) Income taxes (continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is dealt with in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### **q) Stock**

Stocks are stated at the lower of cost and net realisable value. Costs include all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

##### **r) Share-based payments**

Saga plc, the parent company of the Saga group provides benefits to employees of the Company (including Directors) in the form of long term incentives whereby employees render services in consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is measured at fair value and is recognised as an expense over the relevant vesting period, ending on the date on which the employee becomes fully entitled to any award.

In valuing equity settled transactions, assessment is made of any vesting conditions to categorise these into market performance conditions, non-market performance conditions, and service conditions.

Where the equity settled transactions have market performance conditions (that is, performance which is directly or indirectly linked to the share price of Saga plc), the fair value of the award is assessed at the time of grant and is not changed, regardless of the actual level of vesting achieved, except where an employee ceases to be employed prior to the vesting date.

For service conditions and non-market performance conditions, the fair value of the award is assessed at the time of grant and is reassessed at each reporting date to reflect updated expectations for the level of vesting. No expense is recognised for awards that ultimately do not vest.

The Company records the cost of share options granted to employees by Saga plc during the year as a capital contribution from Saga plc within Shareholders' funds. Upon exercise, the cost of the share options is transferred from the capital contribution reserve to retained earnings.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **2. Significant accounting policies (continued)**

##### **s) Interest income**

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

##### **t) Gains and losses on financial investments**

Realised and unrealised gains and losses on financial investments are recorded as finance income in the income statement. Realised gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on the date of sale. Unrealised gains and losses, arising on financial assets measured at fair value through profit and loss which have not been derecognised as a result of disposal or transfer, represent the difference between the carrying value at the year end and the carrying value at the previous year end or the purchase value for investments acquired during the year, net of the reversal of previously recognised unrealised gains and losses in respect of disposals made during the year.

#### **3. Turnover**

Turnover represents the invoiced amount of administrative services supplied to other companies in the Group amounting to £44.8m (2019: £43.6m), and the remaining revenue of £2.0m (2019: £1.4m) mainly relates to the provision of canteen and crèche services to employees of the Group. All business is carried out in the UK and is stated net of VAT.

**SAGA GROUP LIMITED****Notes to the financial statements (continued)****4. Operating profit/(loss)**

This is stated after charging:-

	2020 £'000	2019 (restated) £'000
Depreciation of owned tangible fixed assets	1,717	2,276
Depreciation of right of use tangible fixed assets	3,433	3,674
Amortisation of intangible fixed assets	5,429	4,460
Auditor's remuneration - audit of financial statements	50	49
Intra-group loan written off	36	-
Intra-group loan forgiven	(83,390)	-

Non-trading items:

Operational restructuring and other costs	999	904
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Any fees paid to the Company's auditor, KPMG 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, Saga plc, are required to disclose non-audit fees on a consolidated basis.

During the year, the Company has written off a £36k intra-group loan which was owed to this company by Saga Retirement Villages Limited.

During the year, Saga 400 Limited has forgiven a £83,390k intra-group loan which was owed by this company.

The audit fee that the Company has paid on behalf of other Group entities is £19k (2019 - £19k).

The non-trading operational costs primarily relate to restructuring costs.

**5. Interest receivable and similar income**

	2020 £'000	2019 (restated) £'000
Interest on deposits	72	1
	<u>72</u>	<u>1</u>

**6. Interest payable and similar charges**

	2020 £'000	2019 (restated) £'000
Net interest and finance charges payable on lease liabilities	2,071	2,243
Loan interest payable	222	-
	<u>2,293</u>	<u>2,243</u>

**SAGA GROUP LIMITED****Notes to the financial statements (continued)****7. Directors' remuneration**

The remuneration of the directors of the Company during the year was £Nil (2019: £Nil).

**8. Staff costs**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	22,716	20,314
Social security costs	2,563	2,193
Pension costs	1,394	2,022
Other costs	1,521	1,387
	<u>28,194</u>	<u>25,916</u>

Current pension service cost (note 21)	<u>7,000</u>	<u>8,000</u>
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Average number of persons employed during the year was:	<u>660</u>	<u>596</u>
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Included in wages and salaries is a total credit of share-based payments of £93k (2019: £695k expense).

**9. Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>(restated) £'000</b>
<b>Tax credited in the income statement</b>		
<b>Current tax</b>		
UK corporation tax at 19.00% (2019: 19.00%)	(5,637)	(4,298)
Adjustment in respect of prior periods	(1,297)	(269)
Total current income tax	<u>(6,934)</u>	<u>(4,567)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	284	(133)
Retirement benefit scheme liabilities	459	357
Adjustment in respect of prior periods	662	(135)
Total deferred tax	<u>1,405</u>	<u>89</u>
Tax credit on profit on ordinary activities	<u>(5,529)</u>	<u>(4,478)</u>



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

**9. Taxation (continued)**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>(restated) £'000</b>
<b>Tax relating to items charged or credited to other comprehensive income</b>		
<b>Deferred tax</b>		
Actuarial (loss)/gains on defined benefit pension plans	(918)	357
Total deferred tax	(918)	357
Tax expense in the statement of other comprehensive income	(918)	357
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>(restated) £'000</b>
Pre-tax profit at 19.00% (2019: 19.00%)	34,812	13,236
Non-taxable dividend income	(39,587)	(17,100)
Permanent differences	9	61
Adjustments relating to prior years	(635)	(404)
Rate change adjustment on temporary differences	(87)	(26)
Exercise of share options	(41)	(245)
Total tax credit for the year	(5,529)	(4,478)

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

Recognition of company deferred tax assets is based on profitability of other group companies and anticipated group relief claims.

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

**10. Intangible fixed assets**

	<b>Software</b> <b>£'000</b>
<b>Cost</b>	
At 1 February 2019	21,313
Additions	4,132
Transfer	(1,182)
At 31 January 2020	<u>24,264</u>
<b>Amortisation</b>	
At 1 February 2019	11,010
Charge for year	5,429
Transfer	(1,182)
At 31 January 2020	<u>15,258</u>
<b>Net book value</b>	
At 31 January 2020	<u>9,006</u>
At 31 January 2019	<u>10,303</u>

Intangible assets amortisation is recorded in administrative expenses in the income statement.

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

**11. Tangible fixed assets**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>(restated) £'000</b>
Owned assets (a)	12,666	5,067
Right of use assets (b)	43,668	46,916
	<u>56,334</u>	<u>51,983</u>

**(a) Owned assets**

	<b>Short Leasehold Land &amp; Buildings (restated) £'000</b>	<b>Long Leasehold Land &amp; Buildings £'000</b>	<b>Fixtures &amp; Fittings £'000</b>	<b>Computers Plant &amp; Machinery equipment £'000</b>	<b>Total (restated) £'000</b>
<b>Cost</b>					
At 1 February 2019	4,799	-	20,389	10,277	35,465
Additions	94	7,800	669	753	9,316
Disposals	-	-	(818)	(602)	(1,420)
Transfer of asset class	239	-	(239)	-	-
At 31 January 2020	<u>5,132</u>	<u>7,800</u>	<u>20,001</u>	<u>10,428</u>	<u>43,361</u>
<b>Depreciation</b>					
At 1 February 2019	4,737	-	17,973	7,688	30,398
Charge for year	59	78	491	1,089	1,717
Disposals	-	-	(818)	(602)	(1,420)
Transfer of asset class	20	-	(20)	-	-
At 31 January 2020	<u>4,816</u>	<u>78</u>	<u>17,626</u>	<u>8,175</u>	<u>30,695</u>
<b>Net book value</b>					
At 31 January 2020	<u>316</u>	<u>7,722</u>	<u>2,375</u>	<u>2,253</u>	<u>12,666</u>
At 31 January 2019	<u>62</u>	<u>-</u>	<u>2,416</u>	<u>2,589</u>	<u>5,067</u>

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

**11. Tangible fixed assets (continued)**

**(b) Right of use assets**

	<b>Leasehold Land &amp; Buildings £'000</b>	<b>Plant &amp; Machinery Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 February 2019	59,803	3,003	62,806
Additions	185	-	185
Disposals	(161)	(1,353)	(1,514)
At 31 January 2020	<u>59,827</u>	<u>1,650</u>	<u>61,477</u>
<b>Depreciation</b>			
At 1 February 2019	14,301	1,589	15,890
Charge for year	2,832	601	3,433
Disposals	(161)	(1,353)	(1,514)
At 31 January 2020	<u>16,972</u>	<u>837</u>	<u>17,809</u>
<b>Net book value</b>			
At 31 January 2020	<u>42,855</u>	<u>813</u>	<u>43,668</u>
At 31 January 2019	<u>45,502</u>	<u>1,414</u>	<u>46,916</u>

**12. Investment in subsidiaries**

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Cost</b>		
At 1 February	83,827	77,327
Additions	25,000	6,500
Disposals	(51,117)	-
At 31 January	<u>57,710</u>	<u>83,827</u>
<b>Provision for impairment</b>		
At 1 February and 31 January	<u>-</u>	<u>-</u>
<b>Net book amount</b>		
At 31 January	<u>57,710</u>	<u>83,827</u>

A list of the subsidiary undertakings of Saga Group Limited is included in note 28 to the accounts.

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

**13. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>(restated) £'000</b>
<b>Due after more than one year</b>		
Amounts owed by fellow group undertakings	864,364	805,851
Deferred taxation	4,267	4,753
	<u>868,631</u>	<u>810,604</u>
<b>Due within one year</b>		
Trade debtors	217	329
Amounts owed by group undertakings	19,839	41,007
Other debtors	1,729	1,571
Prepayments and deferred expenditure	6,995	3,676
	<u>28,780</u>	<u>46,583</u>

For the prior year, amounts owed by group undertakings have been restated to split them between due within one year and due after more than one year. In total, amounts owed by group undertakings in the prior year remains at £810,604k

Deferred tax comprises short term timing differences of £1,591k (2019: £2,219k) and an excess of depreciation over capital allowances of £1,741k (2019: £2,058k) and retirement benefit scheme liabilities of £935k (2019: £476k). Recognition of Company deferred tax assets is based on profitability of other group companies and anticipated group relief claims.

**14. Cash on deposit**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Deposits with financial institutions	<u>-</u>	<u>76</u>

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

**15. Creditors - amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>(restated) £'000</b>
Bank overdraft	5,492	-
Trade creditors	1,353	1,599
Lease liabilities	2,786	3,310
Amounts due to group undertakings	443,649	595,483
Other taxes and social security	2,609	2,597
Corporation tax liability	6,231	-
Accruals	9,234	8,999
	<u>471,354</u>	<u>611,988</u>

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

	<b>2020</b>	<b>2019</b> <b>(restated)</b>
	<b>£'000</b>	<b>£'000</b>
Lease liabilities	50,438	52,859
Amounts due to group undertakings	83,641	137,457
	<u>134,079</u>	<u>190,316</u>

**17. Lease commitments**

Future minimum lease payments under lease contracts together with the present values of the net minimum lease payments are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	4,759	5,375
Between two and five years	15,159	15,945
After five years	83,811	87,369
Total minimum lease payments	103,729	108,689
Less amounts representing finance charges	(50,505)	(52,520)
Present value of minimum lease payments	<u>53,224</u>	<u>56,169</u>

**18. Provisions for liabilities**

	<b>Employer Liability Provisions</b>	<b>Total Provisions</b>
	<b>£'000</b>	<b>£'000</b>
Balance as at 1 February 2019	1,213	1,213
Utilised during the year	(242)	(242)
Released during the year	(464)	(464)
Balance as at 31 January 2020	<u>507</u>	<u>507</u>

The employer liability provision relates to various group related, self-funded insurance arrangements. The outflow from this provision depends on the timing of the settlement of claims.

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

**19. Called up share capital**

**Allotted, called up and fully paid**

18,086,076 ordinary shares at 20p each

2020 £'000	2019 £'000
3,617	3,617

**20. Capital contribution reserve**

The capital contribution reserve is in respect of contributions from the ultimate parent company, Saga plc, in relation to share-based awards made by it to the Company's employees. Further information can be found in the financial statements of Saga plc.

**21. Retirement benefit scheme**

The Company is a sponsoring employer of two pension retirement benefit schemes for the employees of the Group consisting of a defined contribution plan and defined benefit plan.

a. Defined contribution plan:

The total charge for the year in respect of the employer's contributions for the defined contribution scheme was £3.1m (2019: £1.8m). The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

b. Defined benefit plan

The Saga Pension Scheme is open to new members who accrue benefits on a career average salary basis. The assets of the scheme are held separately from those of the Group in independently administered funds.

These plans are governed by the employment laws of the UK, which require final salary payments to be adjusted for the consumer price index once in payment during retirement. The level of benefits provided depends on the member's length of service and salary at retirement age. The defined benefit pension plan requires contributions to be made to a separately administered fund. The fund is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the management of the investment strategy.

The long-term investment objectives of the Trustees and the Group are to limit the risk of the assets failing to meet the liabilities of the schemes over the long term, and to maximise returns consistent with an acceptable level of risk so as to control the long-term costs of the schemes. To meet those objectives, each scheme's assets are invested in different categories of assets, with different maturities designed to match liabilities as they fall due. The investment strategy will continue to evolve over time and is expected to match to the liability profile increasingly closely. The pension liability is exposed to inflation rate risks and changes in the life expectancy for pensioners. As the plan assets include investments in quoted equities, the Group is exposed to equity market risk.

**SAGA GROUP LIMITED****Notes to the financial statements (continued)****21. Retirement benefit scheme (continued)**

The fair value of the assets and present value of the obligations of the Saga defined benefit scheme are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	372,300	312,400
Present value of defined benefit obligation	(377,800)	(315,200)
Defined benefit scheme liability	<u>(5,500)</u>	<u>(2,800)</u>

- a. The assets and liabilities of the scheme as at 31 January are:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Scheme assets at fair value		
Equities	45,000	58,100
Bonds	222,700	171,000
Property	24,500	16,800
Hedge funds	73,200	61,900
Insured Annuities	3,900	3,400
Cash and other	3,000	1,200
Fair value of scheme assets	<u>372,300</u>	<u>312,400</u>
Present value of scheme liabilities	<u>(377,800)</u>	<u>(315,200)</u>
Defined benefit pension plan deficit	<u>(5,500)</u>	<u>(2,800)</u>

Equities and bonds are all quoted in active markets whilst property and hedge funds are not.

The pension scheme has not invested in any of the Group's own financial instruments.



**SAGA GROUP LIMITED****Notes to the financial statements (continued)****21. Retirement benefit scheme (continued)**

- b. The amounts recognised in the income statement and in the statement of comprehensive income for the year are analysed as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<i>Pension cost charge to the Income Statement</i>		
Current service cost	(7,000)	(8,000)
Past service cost	-	(100)
Net interest income	100	-
Net cost	<u>(6,900)</u>	<u>(8,100)</u>

In the prior year, the past service cost above includes the Company's estimate of the cost of equalising Guaranteed Minimum Pensions, which served to increase the scheme liabilities by £0.1m.

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<i>Net interest income recognised in the Income Statement</i>		
On scheme assets	8,400	8,100
On defined benefit obligation	(8,300)	(8,100)
Net interest income	<u>100</u>	<u>-</u>

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<i>Taken to the Statement of Comprehensive Income</i>		
Return on scheme assets	51,300	(5,800)
Actuarial changes arising from demographic assumptions	4,500	1,900
Actuarial changes arising from changes in financial assumptions	(61,400)	7,500
Experience adjustments	200	(1,500)
Recognised in the statement of comprehensive income	<u>(5,400)</u>	<u>2,100</u>

**SAGA GROUP LIMITED****Notes to the financial statements (continued)****21. Retirement benefit scheme (continued)**

c. Changes in the present value of the defined benefit obligations are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	315,200	314,300
Current service cost	7,000	8,000
Past service cost	-	100
Interest cost	8,300	8,100
Contributions by scheme participants	300	400
Experience (gains)/losses	(200)	1,500
Changes in assumptions underlying the present value of scheme liabilities	56,900	(9,400)
Net benefits paid out	(9,700)	(7,800)
Closing defined benefit obligation (a)	<u>377,800</u>	<u>315,200</u>

d. Changes in the fair value of plan assets are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	312,400	307,300
Interest income on scheme assets	8,400	8,100
Contributions by employer	9,600	10,200
Contributions by scheme participants	300	400
Benefits paid	(9,700)	(7,800)
Actuarial gains and losses	51,300	(5,800)
Closing fair value of scheme assets (a)	<u>372,300</u>	<u>312,400</u>

**SAGA GROUP LIMITED****Notes to the financial statements (continued)****21. Retirement benefit scheme (continued)**

The principal assumptions used in determining pension benefit obligations for the Saga Scheme are shown below:

	2020	2019
Real rate of increase in salaries	2.70%	3.00%
Real rate of increase of pensions in payment	2.70%	2.90%
Real rate of increase of pensions in deferment	2.65%	2.90%
Discount rate - pensioner	1.60%	2.60%
Discount rate – non pensioner	1.70%	2.70%
Inflation – pensioner	2.80%	3.05%
Inflation – non pensioner	2.70%	3.00%

Mortality assumptions are set using standard tables based on scheme specific experience where available. The scheme's mortality assumptions are based on mortality tables which allow for future mortality improvements. The scheme's assumption is that a member currently aged 60 will live on average for a further 26.1 years if they are male and on average for a further 28.2 years if they are female.

A quantitative sensitivity analysis for significant assumptions as at 31 January 2020 and their impact on the net defined benefit obligation is as follows:

Assumptions	Discount rate		Future inflation		Life expectancy		Future salary + / - 0.5%
Sensitivity	+ / - 0.25%		+ / - 0.25%		+ / - 1 year		
	Increase	Decrease	Increase	Decrease	Increase	Decrease	
Impact £m	(18.8)	20.6	14.1	(14.8)	11.5	(11.0)	0.0

Note: a positive impact represents an increase in the net defined benefit liability.

The sensitivity analysis is based on a change in an assumption while holding all other assumptions are constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

The expected contribution to the scheme for the next year is £9.3m and the average duration of the defined benefit scheme obligation at the end of the reporting period is 23 years.

Formal actuarial valuations take place every three years. The assumptions adopted for actuarial valuations are determined by the Trustee and are agreed with the Group and are normally more prudent than the assumptions adopted for IAS19 purposes, which are best estimate. Where a funding deficit is identified, the Group and Trustee may agree a deficit recovery plan to pay additional contributions above those needed to fund new pensions accruing in the scheme.

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **21. Retirement benefit scheme (continued)**

The latest valuation of the Saga scheme was at 31 January 2017. Further to this valuation, a recovery plan is in place for the scheme. Under the agreed recovery plan, the Group made an additional payment of £2.75m during the year ended 31 January 2020 and will make payments totalling a further £25.4m over the next five years, with the last payment being made by 29 February 2024. The total expected contributions in the year ending 31 January 2021 are £9.3m, inclusive of a £3.0m additional payment. No additional liabilities are required to be accrued in relation to the recovery plan since the employer has the right to a refund if a surplus is recognised and the Trustees of the scheme are unable to wind up the scheme before any refund is made.

#### **22. Share-based payments**

Saga plc, the ultimate parent of the Saga group, uses equity-settled share plans to grant options and shares to the Company's Directors and employees. Equity-settled share-based payments issued to the Company's employees are measured at fair value and that this value is expensed over the vesting period.

Share options are granted under the Saga plc Long-Term Incentive Plan (LTIP).

The LTIP is a discretionary executive share plan. Under the LTIP, the Saga plc Board may, within certain limits and subject to applicable performance conditions, grant options over shares in Saga plc. Up to 31 January 2017, these options are 50% linked to a non-market vesting condition, EPS, and 50% linked to a market vesting condition, TSR. From 1 February 2017 to 31 January 2018, these options are 60% linked to non-market vesting conditions (30% linked to basic EPS and 30% linked to organic EPS) and 40% linked to a market vesting condition, TSR. From 1 February 2018, these options are 60% linked to non-market vesting conditions (30% linked to organic EPS and 30% linked to ROCE) and 40% linked to a market vesting condition, TSR. From 1 February 2019, these options are 75% linked to non-market vesting conditions (50% linked to operational and strategic measures and 25% linked to ROCE) and 25% linked to a market vesting condition, TSR. The fair value of the options has been calculated using a Black-Scholes valuation.

**SAGA GROUP LIMITED****Notes to the financial statements (continued)****22. Share-based payments (continued)**

The table below summarises the movements in the number of share options outstanding for the employees of the Company and their weighted average exercise price:

	<b>LTIP</b>
Outstanding at 1 February 2019	3,353,422
Granted during the year	4,029,749
Forfeited during the year	(1,799,984)
Exercised during the year	(53,312)
Outstanding at 31 January 2020	<u>5,529,875</u>
Exercise price	<u>£nil</u>
Exercisable at 31 January 2020	<u>142,609</u>
Average remaining contractual life	<u>2.0 years</u>
Average fair value at grant	<u>£0.75</u>

Details of the information relevant in determining the fair value of options granted is available in the financial statements of Saga plc.

**23. Related party transactions**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries in the Saga group of companies.

**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.

**25. Cross company guarantees**

The Company acts as guarantor on a contract for the construction of a new cruise ship for delivery in 2020 held by Saga Cruises VI Limited, a fellow group undertaking.

The Company cross-indemnifies £12.5m of an £18.9m bond (issued under the Saga Mid Co Limited HSBC facility) required for membership of the ABTA trade body.

The Company acts as guarantor for oil swap derivatives purchased by Saga Cruises Limited up to the value of £7.5m.

The Company has provided a super security to the Trustees of the Saga Pension Scheme, which ranks before any liabilities under the Group's bank facilities detailed above. The value of the security is capped at £32.5m

## **SAGA GROUP LIMITED**

### **Notes to the financial statements (continued)**

#### **26. Post balance sheet events**

The COVID-19 pandemic has created an unprecedented challenge and a high level of uncertainty for all companies. The board of Directors are focused on protecting the viability of the Company over the coming months. Whilst the Directors consider the event to be non-adjusting in nature, they have duly considered the impact of the crisis on the financial performance and position of the Company. Further detail relating to this is provided within the basis of preparation and going concern sections in note 2a and 2b on pages 15-17. Since the year end, the Company has provided intercompany borrowing of circa £50m to ST&H Limited, a tour operating company within the Saga plc Group, as a result of the COVID-19 pandemic.

#### **27. 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.

In respect of the year ending 31 January 2020, Saga plc is the parent company of the smallest group of which the Company is a member and for which group financial statements are prepared.

A copy of the financial statements of Saga plc for the year ended 31 January 2020 may be obtained from the corporate website [www.corporate.saga.co.uk](http://www.corporate.saga.co.uk) or from the Company Secretary, Saga plc, Enbrook Park, Folkestone, Kent, CT20 3SE.

#### **28. Ultimate controlling party**

The Directors consider the ultimate controlling party to be Saga plc.

**SAGA GROUP LIMITED****Notes to the financial statements (continued)****29. Subsidiary undertakings**

The entities listed below are wholly owned subsidiaries of the Company. The registered office address for all entities registered in England is Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE. The registered office address of Saga Cruises GmbH is Industriegebiet Süd, 26871, Papenburg, Niedersachsen, Germany. The registered office address of Saffron Maritime Limited is Aspire Corporate Services Limited, PO Box 191, Elizabeth House, Ruettes Brayes, St Peter Port, Guernsey, GY1 4HW.

<b>Company</b>	<b>Country of registration</b>	<b>Nature of business</b>
Saga Services Limited	England	Financial services
Bennetts Motorcycling Services Limited (formerly Enbrosun Limited)	England	Motor bike insurance
PEC Services Limited	England	Repair of automotive vehicles
ST&H Limited	England	Tour operating
Titan Travel (UK) Limited	England	Tour operating
ST&H Transport Limited	England	Tour operating
Destinology Limited	England	Tour operating
Saga Transport Limited (formerly Titan Transport Limited)	England	Tour operating
Saga Cruises Limited	England	Cruising
Saga Cruises I Limited	England	Cruising
Saga Cruises IV Limited	England	Cruising
Saga Cruises V Limited	England	Cruising
Saga Cruises VI Limited	England	Cruising
Saga Cruises GmbH	Germany	Cruising
Saga Crewing Services Limited	England	Cruising
Enbrook Cruises Limited	England	Cruising
Saffron Maritime Limited	Guernsey	Cruising
Saga Personal Finance Limited	England	Regulated investment products
Saga Healthcare Limited	England	Provision of domiciliary care
Saga Retirement Villages Limited	England	Marketing of retirement villages
MetroMail Limited	England	Mailing house
Saga Publishing Limited	England	Publishing
Saga Membership Limited	England	Customer loyalty scheme
Driveline Group Limited	England	Holding Company
Confident Services Limited	England	Dormant company
Consolidated Healthcare Agencies Limited	England	Dormant company
Consolidated HC Agency Holdings Limited (formerly Country Cousins (Horsham) Limited)	England	Dormant company
Driveline Europe Limited	England	Dormant company
Driveline Travel Limited	England	Dormant company
Consolidated HC Agencies Limited (formerly Patricia White's Personal Home Care Limited)	England	Dormant company

**SAGA GROUP LIMITED****Notes to the financial statements (continued)****29. Subsidiary undertaking (continued)**

<b>Company</b>	<b>Country of registration</b>	<b>Nature of business</b>
Saga Coach Holidays Limited	England	Dormant company
Saga Communications Limited	England	Dormant company
Saga Cruises II Limited	England	Dormant company
Saga Cruises III Limited	England	Dormant company
Saga Cruises BDF Limited	England	Dormant company
Saga Flights.com Limited	England	Dormant company
Saga Funding Limited	England	Dormant company
Saga Holidays Limited	England	Dormant company
Saga Independent Living Limited	England	Dormant company
Saga Radio (North West) Limited	England	Dormant company
Saga Shipping Company Limited	England	Dormant company
Spirit Of Adventure Limited	England	Dormant company
ST&H Group Limited	England	Dormant company
Titan Aviation Limited	England	Dormant company
Titan Transport (UK) Limited	England	Dormant company
Titan Travel Holdings Limited	England	Dormant company
Titan Travel Limited	England	Dormant company



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

**30. Transition to IFRS 16**

	As reported 31 Jan 2019	IFRS 16 adjustment	As restated 31 Jan 2019
	£'000	£'000	£'000
<b>Turnover</b>	44,969	-	44,969
Cost of sales	<u>(1,695)</u>	<u>-</u>	<u>(1,695)</u>
<b>Gross profit</b>	43,274	-	43,274
Administrative and marketing expenses	(62,526)	1,177	(61,349)
Loss on disposal of right of use assets	<u>-</u>	<u>(22)</u>	<u>(22)</u>
<b>Operating loss</b>	(19,252)	1,155	(18,097)
Income from shares in group undertakings	<u>90,000</u>	<u>-</u>	<u>90,000</u>
<b>Profit on ordinary activities before interest and taxation</b>	70,748	1,155	71,903
Interest receivable and similar income	1	-	1
Interest payable and similar charges	<u>(128)</u>	<u>(2,115)</u>	<u>(2,243)</u>
<b>Profit on ordinary activities before taxation</b>	<b>70,621</b>	<b>(960)</b>	<b>69,661</b>
Taxation	<u>4,315</u>	<u>163</u>	<u>4,478</u>
<b>Profit for the financial year</b>	<b>74,936</b>	<b>(797)</b>	<b>74,139</b>

	As reported 31 Jan 2019	IFRS 16 adjustment	As restated 31 Jan 2019
	£'000	£'000	£'000
<b>Profit for the financial year</b>	<b>74,936</b>	<b>(797)</b>	<b>74,139</b>

**Other comprehensive income not to be reclassified to profit and loss account in subsequent years**

Re-measurement gains on defined benefit plans	2,100	-	2,100
Tax on items relating to components of other comprehensive income	<u>(357)</u>	<u>-</u>	<u>(357)</u>
<b>Total other comprehensive income, net of tax</b>	<b>1,743</b>	<b>-</b>	<b>1,743</b>
<b>Total comprehensive income for the year</b>	<b>76,679</b>	<b>(797)</b>	<b>75,882</b>

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

**30. Transition to IFRS 16**

	As reported 31 Jan 18 £'000	IFRS 16 adjustment £'000	As restated 31 Jan 18 £'000	As reported 31 Jan 19 £'000	IFRS 16 adjustment £'000	As restated 31 Jan 19 £'000
<b>Fixed assets</b>						
Intangible assets	9,501	-	9,501	10,303	-	10,303
Tangible assets	5,480	49,746	55,226	5,286	46,697	51,983
Investment in subsidiary undertaking	77,327	-	77,327	83,827	-	83,827
	92,308	49,746	142,054	99,416	46,697	146,113
<b>Current assets</b>						
Stocks	31	-	31	-	-	-
Debtors	1,284,763	1,242	1,286,005	855,782	1,405	857,187
Cash on deposit	76	-	76	76	-	76
Cash at bank and in hand	-	-	-	27,786	-	27,786
	1,284,870	1,242	1,286,112	883,644	1,405	885,049
<b>Creditors – amounts falling due within one year</b>	(247,007)	(2,256)	(249,263)	(609,497)	(2,491)	(611,988)
<b>Net current assets</b>	1,037,863	(1,014)	1,036,849	274,147	(1,086)	273,061
<b>Total assets less current liabilities</b>	1,130,171	48,732	1,178,903	373,563	45,611	419,174
Creditors – amounts falling due after more than one year	(167,134)	(55,041)	(222,175)	(137,568)	(52,748)	(190,316)
Provisions for liabilities	(1,706)	246	(1,460)	(1,490)	277	(1,213)
Retirement benefit scheme obligations	(7,000)	-	(7,000)	(2,800)	-	(2,800)
<b>Net assets</b>	954,331	(6,063)	948,268	231,705	(6,860)	224,845
<b>Capital and reserves</b>						
Called up share capital	3,617	-	3,617	3,617	-	3,617
Capital contribution reserve	43,307	-	43,307	44,002	-	44,002
Share premium account	84	-	84	84	-	84
Retained earnings	907,323	(6,063)	901,260	184,002	(6,860)	177,142
<b>Shareholder's funds</b>	954,331	(6,063)	948,268	231,705	(6,860)	224,845