

SAGA GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 JANUARY 2021



SAGA GROUP LIMITED
Company information

Directors: E A Sutherland
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 2021.

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 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:

	2021	2020	change
	£'000	£'000	%
Turnover	50,943	46,773	8.9
Administrative and marketing expenses	(77,752)	(68,154)	(14.1)
Profit before taxation	72,922	183,222	(60.2)
Average number of employees	<u>554</u>	<u>660</u>	<u>(16.1)</u>

The increase in Turnover is predominately due to an increase in recharges to other companies within the Group that benefit from the central administration functions performed by the Company.

Administrative and marketing expenses have increased to £77,752k in the year due to the Company incurring significant level of one-off costs. These mainly related to redundancy costs and costs associated with the disposal of a number of subsidiary companies.

Intra-group loan write offs were £2,195k (2020: £83,390k forgiven) and dividends received from group undertakings were £105,000k (2020: £125,000k).

This resulted in a profit for the year before taxation of £72,922k (2020: £183,222k). After taxation, a profit of £80,981k (2020: £188,751k) has been taken to reserves. Dividends of £nil have been paid in the year (2020: £nil).

Principal risks and uncertainties

The Group has agreed systems and processes to govern its 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. 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 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 it 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

The Group has continued to assess and respond to Brexit-related risks both prior to, and following, the trade deal being agreed with the EU in January 2021. The risk to the Group's workforce due to exposure from employing EU nationals has been minimal for the Company as the Group has a low dependency on EU nationals.

Principal risks and uncertainties (continued)

Principal risks and uncertainties

Intra-Group Risk

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 for oil swap derivatives purchased by Saga Cruises Limited, 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

COVID-19 risk

The COVID-19 pandemic has created a major challenge and a high level of uncertainty for most companies, including the Group within which the Company operates. The Group's largest business is its Insurance operations, which have been resilient over the last 12 months and have remained profitable. In addition, the Group has been able to maintain full operational capability throughout the year despite the impact of COVID-19, with almost all colleagues working from home. However, the Group's Travel business has been subject to significant disruption. Following advice from the UK Government that people over 70 years old should avoid travel and given operational challenges in almost all countries, the Group took the decision to suspend Cruise and Tour Operations in March 2020. Both businesses have been suspended since then and will not resume trading until later in 2021. The Group has taken mitigating actions to manage its cash flow and strengthen its financial position to be able to withstand a further prolonged period of disruption to its Travel business. Further details can be obtained from the Group's latest annual report and accounts published on the Saga plc corporate website www.corporate.saga.co.uk.

In addition, since the year-end, the ultimate parent company, Saga Plc, has completed a number of financing transactions intended to further strengthen the financial flexibility of the wider Saga Plc Group, including the successful issuance of a 5-year £250 million fixed rate guaranteed bond to provide additional liquidity, repayment of the Group's £70 million term loan, repayment of £100 million of the Group's existing £250 million bond, and the amendment of a number of the Group's debt covenants that remain on the revolving credit facility following renegotiations with its lenders. Further detail surrounding these financing transactions and covenant amendments at Saga Plc level can be found within the Regulatory News Service (RNS) announcements which are available on the Saga Plc investor website.

Future developments

Future developments

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

SAGA GROUP LIMITED
Strategic Report (continued)

Section 172 (1) statement - 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.

By order of the Board



D Moore
Director
30 July 2021

Registered office:
Enbrook Park
Sandgate
Folkestone
Kent
CT20 3SE

SAGA GROUP LIMITED
Directors' Report

The Directors submit the Directors' Report of the Company for the year ended 31 January 2021.

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 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.

Directors

The Directors, who served throughout the year and up to the date of this report (except as noted), were as follows:

E A Sutherland
J Quin
D Moore

Colleague involvement

During the year the Company has maintained the practice of keeping colleagues informed about current activities and progress by various methods, including deployment of a new fully digital internal communication platform, Workplace provided by Facebook. Colleague participation and involvement is encouraged. Regular colleague engagement surveys are conducted to understand their opinions and to help shape future development. A new purpose and values system has been introduced over the past year to help guide the behaviour of colleagues in the pursuit of the Group's strategy. It is built around an extraordinary brand and the ability to understand and create what our customers need, in order to deliver exceptional experiences every day.

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.

Engagement with suppliers, customers and others in business relationship with the Company

Saga exists to deliver exceptional experiences for its customers every day, whilst being a driver of positive change in its markets and communities. Customers are at the heart of the business, and the Company's focus on them provides insight into their behavioural traits and sentiments. The Directors recognise that the Company's customers do not define themselves by age, but by attitude, aspiration and an appetite for adventure. The Company listens to its customers and uses this knowledge to design and deliver high-quality bespoke, differentiated products and services aimed at creating exceptional experiences and developing long-term relationships with its customer base. The Directors regularly monitor feedback and the quality of customer service provided by in-house and third-party teams to ensure the service meets expectations.

Supplier relationships are fundamental to the Company's business model. The specialist skills, knowledge and capital that the Company's partners and suppliers provide support the Company's ability to deliver the products and services its customers desire. Saga aims to select partners and suppliers that either have specialist skills, knowledge, capital or whose causes are close to its customers' hearts. The Company's partners and suppliers benefit from Saga's brand, customer knowledge and access to an attractive demographic.

Key partnerships are monitored at all levels and subject to periodic due diligence to ensure compliance with current regulatory and statutory requirements, including human rights and modern slavery requirements.

Political donations

The Company has not made any political donations during the year.

SAGA GROUP LIMITED
Directors' Report (continued)

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 2(b) 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.

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



D Moore
Director
30 July 2021

Registered office:

Enbrook Park
Sandgate
Folkestone
Kent
CT20 3SE

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 2021 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 2021 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing" , as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

As required by auditing standards, and taking into account possible pressures to meet profit targets, our overall knowledge of the control environment we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited judgement involved in the determination of all material revenue streams as the amounts are contractually derived and therefore the audit evidence supporting these balances is straightforward to obtain.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries made by individuals who typically do not make journal entries or are not authorized to post journal entries, journal entries including specific words based on our risk criteria.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 6, 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.

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

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.

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.



Stuart Crisp (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

30 July 2021

SAGA GROUP LIMITED
Income statement for the year ended 31 January 2021

	Note	2021 £'000	2020 £'000
Turnover	3	50,943	46,773
Cost of sales		(927)	(1,666)
Gross profit		<u>50,016</u>	<u>45,107</u>
Administrative and marketing expenses		(77,552)	(68,154)
Intra-group loan (written off)/forgiven	4	(2,195)	83,390
Operating (loss)/profit	4	<u>(29,731)</u>	<u>60,343</u>
Income from shares in group undertakings		105,000	125,000
Profit on ordinary activities before interest and taxation		<u>75,269</u>	<u>185,343</u>
Interest receivable and similar income	5	33	72
Interest payable and similar charges	6	(2,380)	(2,293)
Other finance income – defined benefit pension plans	19	-	100
Profit on ordinary activities before taxation		<u>72,922</u>	<u>183,222</u>
Taxation	9	8,059	5,529
Profit for the financial year		<u><u>80,981</u></u>	<u><u>188,751</u></u>

Notes 1 to 27 form an integral part of these financial statements.

SAGA GROUP LIMITED**Statement of comprehensive income for the year ended 31 January 2021**

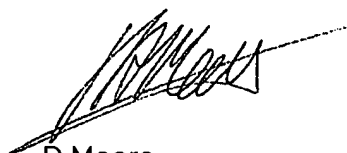
	Note	2021 £'000	2020 £'000
Profit for the financial year		80,981	188,751
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit and loss account in subsequent years			
Re-measurement losses on defined benefit plans	19	(1,200)	(5,400)
Tax on items relating to components of other comprehensive income	9	228	918
Total other comprehensive loss, net of tax		<u>(972)</u>	<u>(4,482)</u>
Total comprehensive income for the year		<u><u>80,009</u></u>	<u><u>184,269</u></u>

Notes 1 to 27 form an integral part of these financial statements.

SAGA GROUP LIMITED
Balance sheet as at 31 January 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	10	5,178	9,006
Tangible assets	11	20,964	56,334
Investments in subsidiaries	12	108,990	57,710
		<u>135,132</u>	<u>123,050</u>
Current assets			
Debtors	13	963,300	897,411
Cash at bank and in hand		57,557	-
		<u>1,020,857</u>	<u>897,411</u>
Creditors - amounts falling due within one year	14	(567,603)	(471,354)
Net current assets		<u>453,254</u>	<u>426,057</u>
Total assets less current liabilities		588,386	549,107
Creditors - amounts falling due after more than one year	15	(94,605)	(134,079)
Provisions for liabilities	17	(451)	(507)
Retirement benefit scheme obligations	19	(4,300)	(5,500)
Net assets		<u>489,030</u>	<u>409,021</u>
Capital and reserves	18		
Called-up share capital		3,617	3,617
Share premium account		84	84
Capital contribution reserve		43,909	43,909
Retained earnings		441,420	361,411
Shareholders' funds		<u>489,030</u>	<u>409,021</u>

Signed for and on behalf of the Board by



D Moore
Director
30 July 2021

Notes 1 to 27 form an integral part of these financial statements.

SAGA GROUP LIMITED
Statement of changes in equity for the year ended 31 January 2021

	Called-up Share Capital £'000	Share Premium Account £'000	Capital Contribution Reserve £'000	Retained Earnings £'000	Total Shareholders' Funds £'000
At 1 February 2019	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 charge	-	-	(93)	-	(93)
At 31 January 2020	3,617	84	43,909	361,411	409,021
Profit for the financial year	-	-	-	80,981	80,981
Other comprehensive income	-	-	-	(972)	(972)
At 31 January 2021	3,617	84	43,909	441,420	489,030

Notes 1 to 27 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 were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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 2(b). 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 24.

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"

SAGA GROUP LIMITED

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

- e) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 “Leases”.
- 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 access to adequate resources to continue in operation for the next 12 months and that the going concern basis of accounting remains appropriate. The Company continues to be financed by significant levels of intergroup debt, which is callable on demand. The ability of the Company to meet such obligations were they to be called would depend on similarly calling on receivables from other Group companies. As such, the Company is dependent on the continued support of the Saga Group which given the interconnectedness of the activity across the Group and common directorships is considered likely to continue for the foreseeable future.

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 3 and 4. As a consequence, the Directors believe that the Company is well-placed to successfully manage its business risks.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

b) Going concern (continued)

The COVID-19 pandemic has created a major challenge and a high level of uncertainty for most companies, including the Group within which the Company operates. The Group's largest business is its Insurance operations, which have been resilient over the last 12 months and have remained profitable. In addition, the Group has been able to maintain full operational capability throughout the year despite the impact of COVID-19, with almost all colleagues working from home. However, the Group's Travel business has been subject to significant disruption. Following advice from the UK Government that people over 70 years old should avoid travel and given operational challenges in almost all countries, the Group took the decision to suspend Cruise and Tour Operations in March 2020. Both businesses have been suspended since then and will not resume trading until later in 2021.

The Group has taken mitigating actions to manage its cash flow and strengthen its financial position to be able to withstand a further prolonged period of disruption to its Travel business. In addition, since the year-end, the ultimate parent company, Saga Plc, has completed a number of financing transactions intended to further strengthen the financial flexibility of the Group, including the successful issuance of a 5-year £250m fixed rate guaranteed bond to provide additional liquidity, repayment of the Group's £70m term loan, repayment of £100m of the Group's existing £250m bond, and the amendment of a number of the Group's debt covenants that remain on the revolving credit facility following renegotiations with its lenders. The Group has modelled a range of scenarios that could affect its operations over the next 12 months and have considered reasonable downside risks to that outlook.

As disclosed in note 23 of the financial statements, the Company acts a guarantor for oil swap derivatives for other companies within the Group. The Company also is one of the guarantors for a super security provided to the trustees of the Saga Pension Scheme, which ranks before any liabilities under the Group's bank facilities. 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 are disclosed in the Group's latest annual report and accounts published on the Saga plc corporate website www.corporate.saga.co.uk. Since the year-end, Saga plc, the ultimate parent company, has completed a number of financing transactions intended to further strengthen the financial flexibility of the Group. On 2 July 2021, the Group successfully completed an offering of a 5-year £250 million fixed rate guaranteed bond and tendered £100 million of the existing 7-year £250 million bond. On 5 July 2021, out of the net proceeds of these transactions the Group repaid in full the existing £70 million term loan. After factoring in the impact of these financing transactions, the Directors have a reasonable expectation that these stresses and potential demands will not undermine the going concern basis of accounting for the Company.

SAGA GROUP LIMITED**Notes to the financial statements (continued)****2. Significant accounting policies (continued)****b) Going concern (continued)**

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.

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 intangible and tangible fixed assets

The annual amortisation charge for intangible fixed assets and depreciation charge for tangible fixed assets are 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 10 for the carrying amount of intangible fixed assets, note 11 for the carrying amount of tangible fixed assets and notes 2(f) and 2(g) for the useful economic lives for each class of asset.

ii) 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. See note 19 for the carrying amount of the net defined benefit pension liability and note 2(m) for the accounting policy.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

c) Judgements and key sources of estimation uncertainty (continued)

iii) Investment in subsidiaries

The Company determines whether its investment in subsidiaries need to be impaired on when indicators of impairment exist. This requires an estimation of the value-in-use of the subsidiaries owned by the Company. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the subsidiaries, discounted at a suitably risk-adjusted rate in order to calculate present value. See note 12 for the carrying amount of investment in subsidiaries and note 2(o) and 2(n) for the accounting policies.

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 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The Company measures all financial assets at fair value at each reporting date, other than those instruments measured at amortised cost.

The Company's financial assets at amortised cost include amounts due from group undertakings and trade debtors. The Company does not hold any financial assets classified as fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

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.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

d) Financial instruments (continued)

i) Financial assets (continued)

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.

ii) Impairment of financial assets

The 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 trade receivables and contract assets which are measured as lifetime ECLs that result from transactions within the scope of IFRS 15.

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 Company's historical experience and informed credit assessment and including forward-looking information.

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. Loss allowances for ECLs on financial assets measured at amortised cost are recognised as a provision in the balance sheet with a corresponding charge to the income statement.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

d) Financial instruments (continued)

iii) Financial liabilities

Initial recognition and measurement

All financial liabilities are classified as financial liabilities at amortised cost on 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 trade and other payables, loans and borrowings, and lease liabilities.

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. 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 finance 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	15 – 50 years
Fixtures, fittings and equipment	3 – 10 years
Computers, plant and other equipment	3 – 4 years

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.

SAGA GROUP LIMITED
Notes to the financial statements (continued)

2. Significant accounting policies (continued)

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.

i) Leases

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.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

i) Leases (continued)

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.

j) Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost, using the effective interest rate method. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Amounts due from group undertakings are classified as debtors. They have no fixed date of payment and are payable on demand. The amounts due from group undertakings are disclosed at fair value.

k) Cash and short-term deposits

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

l) Trade and other creditors

Trade and other creditors are initially recognised at fair value, and where the time value of money is material, subsequently measured at amortised cost using the effective interest method. They represent liabilities to pay for goods or services that have been received or supplied in the normal course of business, invoiced by the supplier before the year end, but for which payment has not yet been made.

Amounts due to group undertakings are classified as loans and borrowings. They have no fixed date of payment and are payable on demand. The amounts owed to group undertakings are disclosed at fair value.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

m) 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 balance sheet. 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.

n) Investment in subsidiaries

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

o) 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.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

p) Income from shares in group undertakings

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

q) 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 on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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.

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.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

s) 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.

t) Interest income

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

u) Non-trading 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 non-trading. Non-trading items are charged or credited to the income statement as appropriate.

3. Turnover

Turnover represents the invoiced amount of administrative services supplied to other companies in the Group amounting to £49.5m (2020: £44.8m), and the remaining revenue of £1.4m (2020: £2.0m) 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 (loss)/profit**

	2021	2020
	£'000	£'000
This is stated after charging/(crediting):-		
Depreciation of owned tangible fixed assets (note 11)	2,101	1,717
Depreciation of right of use tangible fixed assets (note 11)	3,017	3,433
Amortisation of intangible fixed assets (note 10)	5,190	5,429
Impairment of owned tangible fixed assets (note 11)	403	-
Impairment of intangible fixed assets (note 10)	132	-
Loss on disposal of right of use tangible fixed assets (note 11)	366	-
Loss on disposal of intangible fixed assets (note 10)	165	-
Gain on lease modification of right of use tangible fixed assets (note 11)	7,760	-
Auditor's remuneration - audit of financial statements	53	50
Intra-group loan written off	2,434	36
Intra-group loan forgiven	(239)	(83,390)
Non-trading items:		
Operational restructuring and other costs	<u>6,787</u>	<u>999</u>

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 £2,434k intra-group loan which was owed to this Company by Destinology Limited.

During the year, Saga Healthcare Limited forgave a £212k intra-group loan which was owed by this Company. Saga Flights.com Limited forgave a £15k intra-group loan which was owed by this Company. In addition, a number of dormant companies owned by this Company forgave £12k of intra-group loans.

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

During the prior year, Saga 400 Limited forgave 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 £21k (2020 - £19k).

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

SAGA GROUP LIMITED
Notes to the financial statements (continued)

5. Interest receivable and similar income	2021 £'000	2020 £'000
Interest on deposits	33	72
	<u>33</u>	<u>72</u>
6. Interest payable and similar charges	2021 £'000	2020 £'000
Net interest and finance charges payable on lease liabilities	1,929	2,071
Loan interest payable	451	222
	<u>2,380</u>	<u>2,293</u>
7. Directors' remuneration	2021 £'000	2020 £'000
Aggregate remuneration in respect of qualifying services	151	131
	<u>151</u>	<u>131</u>
	2021	2020
Members of defined benefit pension scheme:	1	1
	<u>1</u>	<u>1</u>
8. Staff costs	2021 £'000	2020 £'000
Wages and salaries	21,599	22,716
Social security costs	2,467	2,563
Pension costs	3,890	1,394
Other costs	8,258	1,521
	<u>36,214</u>	<u>28,194</u>
Current pension service cost (note 19)	<u>8,000</u>	<u>7,000</u>
Average number of persons employed during the year was:	<u>554</u>	<u>660</u>

Included in wages and salaries is a total share-based payments charge of £nil (2020: £93k credit).

SAGA GROUP LIMITED
Notes to the financial statements (continued)
9. Taxation
Tax credited in the income statement
Current tax

UK corporation tax at 19.00% (2020: 19.00%)

Adjustment in respect of prior periods

Total current income tax

2021	2020
£'000	£'000

(6,403)	(5,637)
(2,167)	(1,297)
<u>(8,570)</u>	<u>(6,934)</u>

Deferred tax

Origination and reversal of timing differences

Retirement benefit scheme liabilities

Adjustment in respect of prior periods

Effect of rate change on opening balance

Total deferred tax

503	284
456	459
48	662
(496)	-
<u>511</u>	<u>1,405</u>

Tax credit on profit on ordinary activities

<u>(8,059)</u>	<u>(5,529)</u>
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2021	2020
£'000	£'000

Tax relating to items charged or credited to other comprehensive income
Deferred tax

Actuarial loss on defined benefit pension plans

Total deferred tax

(228)	(918)
<u>(228)</u>	<u>(918)</u>

Tax (credit) in the statement of other comprehensive income

<u>(228)</u>	<u>(918)</u>
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2021	2020
£'000	£'000

Pre-tax profit at 19.00% (2020: 19.00%)

Non-taxable income

Permanent differences

Adjustments relating to prior years

Effect of rate change on opening balance

Rate change adjustment on temporary differences

Exercise of share options

Total tax credit for the year

13,855	34,812
(21,007)	(39,587)
1,746	9
(2,119)	(635)
(496)	-
-	(87)
(38)	(41)
<u>(8,059)</u>	<u>(5,529)</u>

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)****9. Taxation (continued)**

On 11 March 2020, it was announced that the corporation tax rate will remain at 19% from 1 April 2020 and this has been enacted at the balance sheet date. As a result, the closing deferred tax balances have been reflected at 19%.

On 3 March 2021, it was announced that the corporation tax rate will increase to 25% from 1 April 2023 and has not been enacted at the statement of financial position date. As a result, the closing deferred tax balances have not been updated to reflect this rate change. If the rate change had been enacted at the statement of financial position date, the impact would have been to increase the deferred tax asset by £1,258k.

10. Intangible fixed assets

	Software £'000
Cost	
At 1 February 2020	24,264
Additions	1,659
Disposals	(877)
At 31 January 2021	25,046
Amortisation	
At 1 February 2020	15,258
Charge for year	5,190
Disposals	(712)
Impairment charge	132
At 31 January 2021	19,868
Net book value	
At 31 January 2021	5,178
At 31 January 2020	9,006

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

The loss on disposal of software was £165k (2020: £nil).

SAGA GROUP LIMITED
Notes to the financial statements (continued)

11. Tangible fixed assets

	2021	2020
	£'000	£'000
Owned assets (a)	10,994	12,666
Right of use assets (b)	9,970	43,668
	<u>20,964</u>	<u>56,334</u>

(a) Owned assets

	Long Leasehold Land & Buildings	Freehold Land & Buildings	Fixtures & Fittings	Computers Plant & Machinery equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 February 2020	5,132	7,800	20,001	10,428	43,361
Additions	-	-	(15)	847	832
Disposals	-	-	(4,380)	(761)	(5,141)
Transfer of asset class	(4)	-	9	-	5
At 31 January 2021	<u>5,128</u>	<u>7,800</u>	<u>15,615</u>	<u>10,514</u>	<u>39,057</u>
Depreciation					
At 1 February 2020	4,816	78	17,626	8,175	30,695
Charge for year	105	156	584	1,256	2,101
Disposals	-	-	(4,380)	(761)	(5,141)
Impairment charge	50	-	324	29	403
Transfer of asset class	(4)	-	9	-	5
At 31 January 2021	<u>4,967</u>	<u>234</u>	<u>14,163</u>	<u>8,699</u>	<u>28,063</u>
Net book value					
At 31 January 2021	<u>161</u>	<u>7,566</u>	<u>1,452</u>	<u>1,815</u>	<u>10,994</u>
At 31 January 2020	<u>316</u>	<u>7,722</u>	<u>2,375</u>	<u>2,253</u>	<u>12,666</u>

Subsequent to 31 January 2021, the Company disposed of its freehold land and buildings (note 27).

SAGA GROUP LIMITED**Notes to the financial statements (continued)****11. Tangible fixed assets (continued)****(b) Right of use assets**

	Leasehold Land & Buildings £'000	Plant & Machinery Equipment £'000	Total £'000
Cost			
At 1 February 2020	59,827	1,650	61,477
Additions	-	748	748
Disposals	(1,844)	-	(1,844)
Effect of modification of lease terms	(43,931)	-	(43,931)
Transfer of asset class	-	502	502
At 31 January 2021	<u>14,052</u>	<u>2,900</u>	<u>16,952</u>
Depreciation			
At 1 February 2020	16,972	837	17,809
Charge for year	2,546	471	3,017
Disposals	(1,478)	-	(1,478)
Effect of modification of lease terms	(12,867)	-	(12,867)
Transfer of asset class	-	501	501
At 31 January 2021	<u>5,173</u>	<u>1,809</u>	<u>6,982</u>
Net book value			
At 31 January 2021	<u>8,879</u>	<u>1,091</u>	<u>9,970</u>
At 31 January 2020	<u>42,855</u>	<u>813</u>	<u>43,668</u>

The loss on disposal of leasehold land & buildings was £366k (2020: £nil).

In the current year, modification of lease terms relating to leasehold land and buildings resulted from the Group's decision to initiate an active program to locate buyers for a number of its freehold properties which this Company currently sub-leases. In addition, the modification of lease term relating to leasehold land and buildings resulted in a gain of £7,760k being reported in the income statement.

SAGA GROUP LIMITED
Notes to the financial statements (continued)

12. Investment in subsidiaries

	2021	2020
	£'000	£'000
Cost		
At 1 February	57,710	83,827
Additions	51,292	25,000
Disposals	-	(51,117)
At 31 January	<u>109,002</u>	<u>57,710</u>
Provision for impairment		
At 1 February	-	-
Impairment	12	-
At 31 January	<u>12</u>	<u>-</u>
Net book amount		
At 31 January	<u>108,990</u>	<u>57,710</u>

The Company injected £51,292k (2020: £25,000k) into its subsidiary undertaking, ST&H Limited, which is regulated by the Civil Aviation Authority, through a subordinated loan. In the prior year, the Company was repaid £51,117k of a subordinated loan by ST&H Limited.

A list of the subsidiary undertakings of Saga Group Limited is included in note 26 to the accounts.

13. Debtors

	2021	2020
	£'000	£'000
Due after more than one year		
Amounts due from group undertakings	903,281	864,364
Deferred taxation	3,984	4,267
	<u>907,265</u>	<u>868,631</u>
Due within one year		
Trade debtors	156	217
Amounts due from group undertakings	45,619	19,839
Corporation Tax recoverable	3,673	-
Other debtors	1,852	1,729
Prepayments and accrued income	4,735	6,995
	<u>56,035</u>	<u>28,780</u>

Deferred tax comprises short term timing differences of £1,359k (2020: £1,591k) and an excess of depreciation over capital allowances of £1,808k (2020: £1,741k) and retirement benefit scheme liabilities of £817k (2020: £935k). 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)****14. Creditors - amounts falling due within one year**

	2021	2020
	£'000	£'000
Bank overdraft	-	5,492
Trade creditors	1,034	1,353
Amounts due to group undertakings	554,411	443,649
Corporation tax liability	-	6,231
Other taxes and social security	1,940	2,609
Lease liabilities	1,604	2,786
Other creditors	769	-
Accruals	7,845	9,234
	<u>567,603</u>	<u>471,354</u>

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

	2021	2020
	£'000	£'000
Lease liabilities	10,447	50,438
Amounts due to group undertakings	84,158	83,641
	<u>94,605</u>	<u>134,079</u>

16. Lease commitments

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

	2021	2020
	£'000	£'000
Within one year	2,017	4,759
Between two and five years	4,155	15,159
After five years	9,184	83,811
Total minimum lease payments	15,356	103,729
Less amounts representing finance charges	(3,305)	(50,505)
Present value of minimum lease payments	<u>12,051</u>	<u>53,224</u>

Please see note 11b for details on lease modifications in the year that has resulted in a significant decrease in lease commitments in the year.

SAGA GROUP LIMITED
Notes to the financial statements (continued)

17. Provisions for liabilities

	Employer Liability Provisions £'000	Total Provisions £'000
Balance as at 1 February 2020	507	507
Utilised during the year	(47)	(47)
Released unutilised during the year	(9)	(9)
Charge for the year	-	-
Balance as at 31 January 2021	<u>451</u>	<u>451</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.

18. Called up share capital and reserves

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
18,086,076 ordinary shares at 20p each	<u>3,617</u>	<u>3,617</u>

The share premium reserve represents the premium arising on the issue of equity shares, net of issue expenses.

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.

Retained earnings represent cumulative profit or losses, net of dividends and other adjustments.

19. 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 £2.9m (2020: £3.1m). 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.

The scheme is governed by the employment laws of the UK. The level of benefits provided depends on the member's length of service and average salary whilst a member of the scheme. The scheme requires contributions to be made to a separately administered fund which is governed by a Board of Trustees and 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 definition of the investment strategy.

SAGA GROUP LIMITED**Notes to the financial statements (continued)****19. Retirement benefit scheme (continued)**

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 scheme 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 scheme. To meet those objectives, the 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 the liability profile increasingly closely. The pension liability is exposed to inflation rate risks and changes in the life expectancy of members. As the plan assets include investments in quoted equities, the Group is exposed to equity market risk. The Group has provided a super security to the Trustees of the scheme, which ranks before any liabilities under the senior facilities agreement. The value of the security is capped at £32.5m.

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

	2021	2020
	£'000	£'000
Fair value of scheme assets	411,200	372,300
Present value of defined benefit obligation	(415,500)	(377,800)
Defined benefit scheme liability	<u>(4,300)</u>	<u>(5,500)</u>

The present values of the defined benefit obligation, the related current service cost and any past service costs have been measured using the projected unit credit valuation method.

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

	2021	2020
	£'000	£'000
Scheme assets at fair value		
Equities	51,700	45,000
Bonds	203,000	222,700
Property and alternatives	39,600	24,500
Hedge funds	99,800	73,200
Insured Annuities	6,100	3,900
Cash and other	11,000	3,000
Fair value of scheme assets	<u>411,200</u>	<u>372,300</u>
Present value of scheme liabilities	<u>(415,500)</u>	<u>(377,800)</u>
Defined benefit pension plan deficit	<u>(4,300)</u>	<u>(5,500)</u>

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

Equities and bonds are all quoted in active markets whilst property and hedge funds are not. Global financial markets have been monitoring and reacting to the COVID-19 pandemic and have incurred increased volatility and uncertainty since the onset of the pandemic. The COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The ultimate extent of the effect of this on the asset portfolio is not possible to estimate at this time.

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

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

	2021	2020
	£'000	£'000
<i>Pension cost charge to the Income Statement</i>		
Current service cost	(8,000)	(7,000)
Net interest income	-	100
Net cost	<u>(8,000)</u>	<u>(6,900)</u>

	2021	2020
	£'000	£'000
<i>Net interest income recognised in the Income Statement</i>		
On scheme assets	6,300	8,400
On defined benefit obligation	(6,300)	(8,300)
Net interest income	<u>-</u>	<u>100</u>

	2021	2020
	£'000	£'000
<i>Taken to the Statement of Comprehensive Income</i>		
Return on scheme assets	31,500	51,300
Actuarial changes arising from demographic assumptions	6,200	4,500
Actuarial changes arising from changes in financial assumptions	(24,700)	(61,400)
Experience adjustments	(14,200)	200
Recognised in the statement of comprehensive income	<u>(1,200)</u>	<u>(5,400)</u>

SAGA GROUP LIMITED**Notes to the financial statements (continued)****19. Retirement benefit scheme (continued)**

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

	2021	2020
	£'000	£'000
Opening defined benefit obligation	377,800	315,200
Current service cost	8,000	7,000
Interest cost	6,300	8,300
Contributions by scheme participants	300	300
Experience losses/(gains)	14,200	(200)
Changes in assumptions underlying the present value of scheme liabilities	18,500	56,900
Net benefits paid out	(9,600)	(9,700)
Closing defined benefit obligation (a)	<u>415,500</u>	<u>377,800</u>

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

	2021	2020
	£'000	£'000
Opening fair value of scheme assets	372,300	312,400
Interest income on scheme assets	6,300	8,400
Contributions by employer	10,400	9,600
Contributions by scheme participants	300	300
Benefits paid	(9,600)	(9,700)
Return on scheme assets	31,500	51,300
Closing fair value of scheme assets (a)	<u>411,200</u>	<u>372,300</u>

SAGA GROUP LIMITED

Notes to the financial statements (continued)

19. Retirement benefit scheme (continued)

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

	2021	2020
Real rate of increase in salaries	2.60%	2.70%
Real rate of increase of pensions in payment	2.70%	2.70%
Real rate of increase of pensions in deferment	2.55%	2.65%
Discount rate – pensioner	1.35%	1.60%
Discount rate – non pensioner	1.45%	1.70%
Inflation – pensioner	2.80%	2.80%
Inflation – non pensioner	2.60%	2.70%

Following the RPI reform consultation which completed in November 2020, the Group has updated the inflation risk premium (IRP) applied when setting the RPI assumption (at 31 January 2021, an IRP of 0.3% p.a. before 2030 and 0.5% p.a. thereafter has been adopted, compared to an IRP of 0.3% p.a. at all terms in the prior year). The actuary has confirmed that the impact of the change in approach is a £6m decrease in the DBO.

The Group has also updated the assumed long-term gap between RPI and CPI (at 31 January 2021, an RPI-CPI gap of 0.8% p.a. before 2030 and nil therefore has been adopted, compared to a gap of 0.8% p.a. at all terms in the prior year). The actuary has confirmed that the impact of the change in approach is an £8m increase in the DBO.

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 26.0 years if they are male and on average for a further 27.7 years if they are female.

A quantitative sensitivity analysis for significant assumptions as at 31 January 2021 and their impact on the net defined benefit obligation is as follows:

Assumptions	Discount rate		Future inflation		Life expectancy		Future salary
Sensitivity	+ / - 0.25%		+ / - 0.25%		+ / - 1 year		+ / - 0.5%
	Increase	Decrease	Increase	Decrease	Increase	Decrease	
Impact £m	(24.6)	23.2	18.3	(16.7)	14.8	(14.1)	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 balance sheet.

SAGA GROUP LIMITED

Notes to the financial statements (continued)

19. Retirement benefit scheme (continued)

The expected contribution to the scheme for the next year is £5.2m 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.

The Group's latest triennial valuation of the Saga Pension Scheme defined benefit plan as at 31 January 2020 has been completed since 31 January 2021. As described in note 23 below, the Company is one of the guarantors, which along with Saga plc, have provided a super security to the Trustees of the Saga Pension Scheme, which ranks before any liabilities under the Group's bank facilities. The value of the security has been increased from being capped at £32.5 million to being capped at £47.5 million under the latest triennial valuation.

As noted above, the latest valuation of the Saga scheme was at 31 January 2020. Further to this valuation, a deficit recovery plan totalling £39.0m is in place. Under this plan, the Company will make additional payments over the next seven years, with the first payment of £4.2m paid in February 2021 and subsequent payments of £5.8m due each February thereafter until February 2027. Under the previously agreed recovery plan, the Group made an additional payment of £3.0m during the year ended 31 January 2021. The total expected contributions in the year ending 31 January 2022 are £9.4m, inclusive of a £4.2m additional payment.

The Group has also agreed to pay additional amounts into an Escrow account should asset returns fall below an agreed level over set periods of time. Dependent upon the level of return on the scheme's assets between 31 January 2020 and 31 January 2027, any amount in the Escrow account will be released to either the Group or the scheme by 30 June 2027.

20. 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') and Restricted Share Plan ('RSP').

SAGA GROUP LIMITED**Notes to the financial statements (continued)****20. Share-based payments (continued)**

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.

The RSP is a discretionary executive share plan under which the Board may grant options over shares in Saga plc.

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:

	RSP	LTIP
Outstanding at 1 February 2020	-	5,529,875
Granted during the year	3,788,919	-
Forfeited during the year	(195,431)	(1,421,253)
Sub-total before share consolidation	3,593,488	4,108,622
Share consolidation – 13 October 2020	(3,353,920)	(3,834,702)
Granted during the year	5,363	-
Exercised during the year	(-)	(196)
Outstanding at 31 January 2021	244,931	273,724
Exercise price	£nil	£nil
Exercisable at 31 January 2021	-	9,313
Average remaining contractual life	2.3 years	1.2 years
Average fair value at grant	£2.71	£9.73

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

SAGA GROUP LIMITED

Notes to the financial statements (continued)

21. 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.

22. 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.

23. Cross company guarantees

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 £47.5m.

24. 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 2021, 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 2021 may be obtained from the corporate website www.corporate.saga.co.uk or from the Company Secretary, Saga plc, Enbrook Park, Folkestone, Kent, CT20 3SE.

25. Ultimate controlling party

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

SAGA GROUP LIMITED**Notes to the financial statements (continued)****26. 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.

Company	registration	business
Saga Services Limited	England	Financial services
PEC Services Limited	England	Repair of automotive vehicles
ST&H Limited	England	Tour operating
Titan Transport (UK) Limited	England	Tour operating
Titan Travel (UK) Limited	England	Tour operating
Saga Transport Limited	England	Tour operating
Saga Cruises 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
Saffron Maritime Limited	Guernsey	Cruising
Saga Personal Finance Limited	England	Regulated investment products
MetroMail Limited	England	Mailing house
Saga Publishing Limited	England	Publishing
Saga Membership Limited	England	Customer loyalty scheme
Driveline Group Limited	England	Holding company
ST&H Group Limited	England	Holding company
Confident Services Limited	England	Dormant company
Driveline Europe Limited	England	Dormant company
Driveline Travel Limited	England	Dormant company
Enbrook Cruises Limited	England	Dormant company
Saga Coach Holidays Limited	England	Dormant company
Saga Communications Limited	England	Dormant company
Saga Cruises I 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 Healthcare Limited	England	Dormant company
Saga Holidays Limited	England	Dormant company

SAGA GROUP LIMITED**Notes to the financial statements (continued)****26. Subsidiary undertakings (continued)**

Company	Country of registration	Nature of business
Saga Independent Living Limited	England	Dormant company
Saga Radio (North West) Limited	England	Dormant company
Saga Retirement Villages Limited	England	Dormant company
Saga Shipping Company Limited	England	Dormant company
Spirit Of Adventure Limited	England	Dormant company
ST&H Transport Limited	England	Dormant company
Titan Aviation Limited	England	Dormant company
Titan Travel Holdings Limited	England	Dormant company
Titan Travel Limited	England	Dormant company

27. Post balance sheet events

The Group's latest triennial valuation of the Saga Pension Scheme defined benefit plan as at 31 January 2020 has been completed since 31 January 2021. As described in note 23 above, the Company is one of the guarantors, which along with Saga plc, have provided a super security to the Trustees of the Saga Pension Scheme, which ranks before any liabilities under the Group's bank facilities. The value of the security has been increased from being capped at £32.5 million to being capped at £47.5 million under the latest triennial valuation.

Subsequent to 31 January 2021, the Company disposed of its freehold land and buildings (note 11(a)). On 9 June 2021, the property was sold for £10,250,000. After deducting selling costs, the Company's profit on disposal was £2,639,000.