

STG Travel Group Ltd.

Annual report and financial statements

for the 15 month period ended 31 October 2013

Registered number: 03442977

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STG Travel Group Ltd.

Annual report and financial statements for the 15 month period ended 31 October 2013

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STG Travel Group Ltd.

Directors and advisers

Directors

J Bentley
N Goodwin

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 St James Court
Whitefriars
Norwich
NR3 1RJ

Bankers

National Westminster Bank plc
208 Piccadilly
London
W1A 2DG

Solicitors

DLA Piper
3 Noble Street
London
EC2V 7EE

Registered office

1 Jubilee Street
Brighton
East Sussex
BN1 1GE

STG Travel Group Ltd.

Directors' report for the 15 month period ended 31 October 2013

The directors present their report and the audited financial statements for the 15 month period ended 31 October 2013.

Principal activities and business review

The principal activity of the company is to act as a holding company to its subsidiary undertakings, who are principally engaged as educational tour operators. The performance of the company during the period and the period end financial position are considered satisfactory by the directors. The directors do not anticipate any material changes in the company's activities in the ensuing year.

Change in accounting period end date

During the period the directors decided to change the accounting period end date to 31 October to be more aligned with industry common practice. The period referred to as the 15 month period in these financial statements is the period from 1 August 2012 to 31 October 2013.

Results and dividends

The loss for the period amounted to £427,000 (2012: £2,789,000). The directors have not recommended the payment of a dividend (2012: £nil).

Key performance indicators

The directors of Inspiring Learning (Bidco) Limited manage the group's operations on a group wide basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of STG Travel Group Ltd.. The development, performance and position of Inspiring Learning (Bidco) Limited group, which includes this company, is discussed in the group's annual report which does not form part of this report.

Going concern

The directors have received confirmation from Inspiring Learning (Bidco) Limited, an intermediate parent undertaking, that it will provide financial support to STG Travel Group Ltd., in order for it to meet its commitments as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The directors have prepared the financial statements for the Company on the going concern basis. The directors have considered the group's detailed budget prepared by intermediate parent undertaking, Inspiring Learning (Bidco) Limited, for the period ending 31 October 2015 and the current trading performance for the first three months of the financial year ending 31 October 2014. The directors have performed analyses to assess the impact on the projections of reductions in revenues, increased costs and amendments to the available facilities, incorporating where necessary the deferral of discretionary spend such as capital expenditure. On this basis the directors believe that the Group will be able to operate within the terms of its loan agreements.

Having taken into account the operating risks and uncertainties, reviewed the trading and cash flow forecasts and reflected on the facilities available, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks, the key ones being set out below:

- Customer demand and market competition – the business will engage in regular communication with its customers to establish trends and ensure maximum customer satisfaction. Market competitors are recognised and monitored.
- Major disaster – as with any major operator the business is exposed to external events such as fire, natural disaster or infectious disease. A disaster recovery plan is in place and commercial insurances exist for any significant business interruption or loss/damage.

STG Travel Group Ltd.

Directors' report for the 15 month period ended 31 October 2013 (continued)

- Reputational risk – the business has a robust safeguarding and health and safety policy which is reviewed on a regular basis to ensure it is fit for purpose. The group also employs a PR agency to manage image and brand awareness within the industry.
- Adequate financing and funding risk – the business is in regular communication with all shareholders and lenders to assess future funding requirements. The business monitors cash flow and forward looking forecasts to ensure a clear view of the coming events.

Financial risk management

The company's operations expose it to a variety of financial risks that includes liquidity risk. Given the size of the company the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Liquidity risk

The company has access to funding from other group companies such as to ensure it is able to settle its debts as they fall due.

Directors

The directors, who held office during the period and up to the date of signing the financial statements, were as follows:

J Bentley

N Wright (resigned 13/09/2013)

N Goodwin (appointed 25/03/2013)

Directors' and officers' indemnity insurance

The company maintains liability insurance for its directors and officers, with a cover limit for each claim or series of claims against them in that capacity. The directors have also been granted a qualifying third party provision under sections 234 and 235 of the Companies Act 2006. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

STG Travel Group Ltd.

Directors' report for the 15 month period ended 31 October 2013 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Statement of disclosure of information to auditors

So far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next annual general meeting.

On behalf of the board


N. Goodwin
Director
31 January 2014

STG Travel Group Ltd.

Independent auditors' report to the members of STG Travel Group Ltd.

We have audited the financial statements of STG Travel Group Ltd. for the period ended 31 October 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2013 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the period for which the financial statements are prepared is consistent with the financial statements.

STG Travel Group Ltd.

Independent auditors' report to the members of STG Travel Group Ltd. (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.



Christopher Maw (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich
31 January 2014

STG Travel Group Ltd.

Profit and loss account for the 15 month period ended 31 October 2013

		15 months ended 31 October 2013	Year ended 31 July 2012
	Note	£'000	£'000
Administration expenses		(427)	(2,784)
Loss on ordinary activities before taxation	3	(427)	(2,784)
Tax on loss on ordinary activities	4	-	(5)
Loss for the period	11,12	(427)	(2,789)

The results for the current period and prior year relate entirely to continuing operations.

The company has no recognised gains or losses other than the results for the period as set out above.

Balance sheet as at 31 October 2013

		31 October 2013	31 July 2012
	Note	£'000	£'000
Fixed assets			
Tangible assets	5	49	70
Investments	6	6,119	6,119
		6,168	6,189
Current assets			
Debtors	7	19,578	19,590
Cash at bank and in hand		5	4
		19,583	19,594
Creditors: amounts falling due within one year	8	(21,984)	(21,589)
Net current liabilities		(2,401)	(1,995)
Total assets less current liabilities and net assets		3,767	4,194
Capital and reserves			
Called up share capital	10	7,973	7,973
Profit and loss account	11	(4,206)	(3,779)
Total shareholders' funds	12	3,767	4,194

The financial statements on pages 8 to 15 were approved by the board of directors on 31 January 2014 and were signed on its behalf by:


N. Goodwin
Director

Registered number: 03442977

STG Travel Group Ltd.

Notes to the financial statements for the 15 month period ended 31 October 2013

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These policies have been consistently applied unless otherwise stated.

In previous years the profit and loss account was set out by reference to Format 2 (Schedule 1 Companies Act 2006). In preparing the financial statements the directors have reviewed the format of the profit and loss account and have determined that the layout set out as Format 1 (Schedule 1 Companies Act 2006) more appropriately reflects the nature of the group's activities. Accordingly, the profit and loss account for the period ended 31 October 2013 has been presented by reference to this format and the comparative figures have been restated. There is no impact on the result for the year or net assets.

Going concern

The directors have received confirmation from Inspiring Learning (Bidco) Limited, an intermediate parent undertaking, that it will provide financial support to STG Travel Group Ltd., in order for it to meet its commitments as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The directors have prepared the financial statements for the Company on the going concern basis. The directors have considered the group's detailed budget prepared by intermediate parent undertaking, Inspiring Learning (Bidco) Limited for the period ending 31 October 2015 and the current trading performance for the first three months of the financial year ending 31 October 2014. The directors have performed analyses to assess the impact on the projections of reductions in revenues, increased costs and amendments to the available facilities, incorporating where necessary the deferral of discretionary spend such as capital expenditure. On this basis the directors believe that the Group will be able to operate within the terms of its loan agreements.

Having taken into account the operating risks and uncertainties, reviewed the trading and cash flow forecasts and reflected on the facilities available, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Consolidated financial statements

The company is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006 on the grounds that, it is an intermediate holding company and its results are included in the financial statements of its intermediate parent undertaking Inspiring Learning (Bidco) Limited, a company incorporated in England and Wales. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard ("FRS") 1 (Revised 1996), "Cash Flow Statements", from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and this company is included in the consolidated financial statements of a parent undertaking which publishes a consolidated cash flow statement.

Related party transactions

The company has taken advantage of the exemption in FRS 8, "Related Party Disclosures", from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the intermediate parent undertaking.

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Notes to the financial statements for the 15 month period ended 31 October 2013 (continued)

Fixed assets

Tangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment - 3 - 10 years straight line

Investments

Investments in subsidiary undertakings are included at cost less any impairment.

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash generating units).

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate based upon the Group's weighted average cost of capital that reflects current market assessments of the time value of money and the risks specific to the Group.

An impairment loss is reversed if there has been a change in external economic conditions. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

2. Directors' remuneration

The directors received no remuneration for their services to the company (2012: £nil).

3. Loss on ordinary activities before taxation

	2013	2012
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of tangible assets	(26)	(19)
Impairment of investment in subsidiary	-	(2,403)
Operating lease costs - land and buildings	(232)	(191)

Auditors' remuneration of £500 (2012: £500) was borne by Inspiring Learning (Bidco) Limited and not recharged.

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Notes to the financial statements for the 15 month period ended 31 October 2013 (continued)

4. Tax on loss on ordinary activities

(a) Analysis of tax charge in the period

	2013	2012
	£'000	£'000
Current tax		
Adjustments in respect of previous periods	-	(1)
Total current tax (note 4b)	-	(1)
Deferred tax		
Adjustments in respect of previous periods	-	6
Total deferred tax	-	6
Tax on loss on ordinary activities	-	5

(b) Factors affecting the tax charge in the period

The current tax assessed for the period is higher (2012: lower) than the standard rate of corporation tax in the UK of 23.5% (2012: 25.3%). The differences are explained below:

	2013	2012
	£'000	£'000
Loss on ordinary activities before taxation	(427)	(2,784)
Loss on ordinary activities multiplied by rate of tax at 23.5% (2012: 25.3%)	(100)	(705)
Effects of:		
Impairment of investment in subsidiary	-	609
Permanent differences	6	5
Group relief not paid for	-	91
Unrecognised losses carried forward	94	-
Adjustment in respect of previous periods	-	(1)
Current tax charge for the period	-	(1)

(c) Factors affecting future tax charge

During the period, as a result of the change in the UK main corporation tax rate from 23% to 21% from 1 April 2014 and 20% from 1 April 2015, which were substantively enacted on the 2 July 2013, the relevant deferred tax balances have been re-measured.

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Notes to the financial statements for the 15 month period ended 31 October 2013 (continued)

5. Tangible assets

	Fixtures, fittings & equipment £'000
Cost	
At 1 August 2012	178
Additions in the period	5
At 31 October 2013	183
At 1 August 2012	108
Charge for period	26
At 31 October 2013	134
Net book amount	
At 31 October 2013	49
At 31 July 2012	70

6. Investments

	£'000
Cost as at 1 August 2012 and 31 October 2013	6,119

At 31 October 2013 the company owned the whole of the issued share capital of the following companies:

Company	Principal activity
Skiplan Travel Limited	Educational tour operator
Skiplan (Air & Coach) Limited	Dormant
STS School Travel Service Limited	Educational tour operator
STS Holidays Limited	Dormant
STG Travel Ltd.	Educational tour operator
Equity Travel Limited	Dormant
Equity Total Travel (Transport) Ltd	Transport provider for educational tours

The Directors consider the value of the investments to be supported by their underlying assets and cashflows.

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Notes to the financial statements for the 15 month period ended 31 October 2013 (continued)

7. Debtors

	31 October 2013 £'000	31 July 2012 £'000
Amounts owed by group undertakings	19,482	19,482
Other taxation and social security	45	14
Prepayments and accrued income	51	94
	19,578	19,590

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

8. Creditors: amounts falling due within one year

	31 October 2013 £'000	31 July 2012 £'000
Trade creditors	-	49
Amounts owed to group undertakings	21,970	21,532
Accruals and deferred income	14	8
	21,984	21,589

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

9. Leasing commitments

The company had annual commitments under non-cancellable operating leases for land and buildings expiring as follows:

	31 October 2013 £'000	31 July 2012 £'000
Between two and five years	190	190

STG Travel Group Ltd.

Notes to the financial statements for the 15 month period ended 31 October 2013 (continued)

10. Called up share capital

	31 October 2013 £'000	31 July 2012 £'000
Authorised		
250,000 (2012: 250,000) Ordinary shares of £1 each (2012: £1)	250	250
7,217,333 (2012: 7,217,333) Ordinary A shares of £1 each (2012: £1)	7,217	7,217
1,000,000 (2012: 1,000,000) Ordinary B shares of £1 each (2012: £1)	1,000	1,000
	8,467	8,467
Allotted and fully paid:		
250,000 (2012: 250,000) Ordinary shares of £1 each (2012: £1)	250	250
7,217,333 (2012: 7,217,333) Ordinary A shares of £1 each (2012: £1)	7,217	7,217
505,230 (2012: 505,230) Ordinary B shares of £1 each (2012: £1)	506	506
	7,973	7,973

The different classes of shares rank pari passu in all material respects.

11. Profit and loss account

	£'000
At 1 August 2012	(3,779)
Loss for the period	(427)
At 31 October 2013	(4,206)

12. Reconciliation of movements in total shareholders' funds

	31 October 2013 £'000	31 July 2012 £'000
Loss for the period	(427)	(2,789)
Opening total shareholders' funds	4,194	6,983
Closing total shareholders' funds	3,767	4,194

STG Travel Group Ltd.

Notes to the financial statements for the 15 month period ended 31 October 2013 (continued)

13. Contingent liabilities

The company has granted a limited intercompany guarantee in support of the liabilities of certain group companies arising under the overdraft facility and the hedging arrangements, but no further, in respect of amounts owed under the group's banking arrangements. The liabilities concerned amounted to £34,646,000 at 31 October 2013 (2012: £54,467,000).

There were no other material contingent liabilities at 31 October 2013 or 31 July 2012.

14. Ultimate controlling party

The immediate parent undertaking of the entity is The School Travel Group Limited, a company incorporated in England and Wales.

The largest and smallest group of undertakings for which consolidated accounts are prepared to include the results of this company are headed by Inspiring Learning (Bidco) Limited and Inspiring Learning Limited both of which are registered in England.

Copies of Inspiring Learning (Bidco) Limited and Inspiring Learning Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Inspiring Learning (Newco) Limited, incorporated in England and Wales, is the ultimate parent undertaking for STG Travel Group Ltd..

The company is controlled by funds whose ultimate general partner is DLJ MB, LLC, the general partner of DLJ Merchant Banking IV (Cayman) LP, which is the general partner of DLJMB Overseas Partners IV, LP, and Ares Capital Europe Limited.