

STG Travel Group Ltd.

Annual report and financial statements

for the year ended 31 October 2014

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STG Travel Group Ltd.

Annual report and financial statements for the year ended 31 October 2014

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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.

Strategic report for the year ended 31 October 2014

The directors present their strategic report for STG Travel Group Ltd. for the year ended 31 October 2014.

Business review

The company acts as a holding company to its subsidiary undertakings, who are principally engaged as educational tour operators. The performance of the company during the year and the year 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.

Principal risks and uncertainties and key performance indicators

The directors of Inspiring Learning Services Limited manage the group's operations on a group wide basis. For this reason, the company's directors believe that disclosure of the principal risks and uncertainties of the company and analysis using key performance indicators for the company are 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 Services Limited group, which includes this company, is discussed in the annual report of Inspiring Learning Services Limited which does not form part of this report.

On behalf of the board



Nicholas Goodwin
Director

13 March 2015

STG Travel Group Ltd.

Directors' report for the year ended 31 October 2014

The directors present their report and the audited financial statements for the year ended 31 October 2014.

Results and dividends

The loss for the year amounted to £375,000 (2013: £427,000). The directors have not recommended the payment of a dividend (2013: £nil).

Going concern

The directors have received confirmation from Inspiring Learning Services 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 the intermediate parent undertaking, Inspiring Learning Services Limited, up to 30 April 2016 and the current trading performance for the first four months of the financial year ending 31 October 2015. The directors have performed analyses to assess the impact on the projections of reductions in revenues and increased costs, 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.

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 year and up to the date of signing the financial statements, were as follows:

J Bentley
N Goodwin

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.

Directors' report for the year ended 31 October 2014 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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


Nicholas Goodwin
Director
13 March 2015

STG Travel Group Ltd.

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

Report on the financial statements

Our opinion

In our opinion, STG Travel Group Ltd.'s financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

STG Travel Group Ltd.'s financial statements comprise:

- the balance sheet as at 31 October 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

STG Travel Group Ltd.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich

13 March 2015

STG Travel Group Ltd.

Profit and loss account for the year ended 31 October 2014

		Year ended 31 October 2014 £'000	15 months ended 31 October 2013 £'000
	Note		
Administration expenses		(375)	(427)
Loss on ordinary activities before taxation	3	(375)	(427)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year/period	11,12	(375)	(427)


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

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

Balance sheet as at 31 October 2014

		31 October 2014 £'000	31 October 2013 £'000
	Note		
Fixed assets			
Tangible assets	5	29	49
Investments	6	6,119	6,119
		6,148	6,168
Current assets			
Debtors	7	19,630	19,578
Cash at bank and in hand		24	5
		19,654	19,583
Creditors: amounts falling due within one year	8	(22,410)	(21,984)
Net current liabilities		(2,756)	(2,401)
Total assets less current liabilities and net assets		3,392	3,767
Capital and reserves			
Called up share capital	10	7,973	7,973
Profit and loss account	11	(4,581)	(4,206)
Total shareholders' funds	12	3,392	3,767

The financial statements on pages 8 to 14 were approved by the board of directors on 13 March 2015 and were signed on its behalf by:


Nicholas Goodwin
Director

STG Travel Group Ltd.

Notes to the financial statements for the year ended 31 October 2014

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).

Going concern

The directors have received confirmation from Inspiring Learning Group 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 the intermediate parent undertaking, Inspiring Learning Services Limited, up to 30 April 2016 and the current trading performance for the first four months of the financial year ending 31 October 2015. The directors have performed analyses to assess the impact on the projections of reductions in revenues and increased costs, 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 its results and those of its subsidiaries are included in the financial statements of its intermediate parent undertaking Inspiring Learning Services 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.

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.

STG Travel Group Ltd.

Notes to the financial statements for the year ended 31 October 2014 (continued)

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 company's weighted average cost of capital that reflects current market assessments of the time value of money and the risks specific to the cost generating unit.

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 (2013: £nil).

3. Operating loss

	2014	2013
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of tangible assets	(20)	(26)
Operating lease costs - land and buildings	(190)	(232)

Auditors' remuneration of £500 (2013: £500) was borne by Equity Inspiring Learning Limited and not recharged.

STG Travel Group Ltd.

Notes to the financial statements for the year ended 31 October 2014 (continued)

4. Tax on loss on ordinary activities

(a) Analysis of tax charge in the year/period

	2014	2013
	£'000	£'000
Current tax		
Tax on profit/(loss) on ordinary activities	-	-

(b) Factors affecting the tax charge in the year/period

The current tax assessed for the year/period differs to the standard rate of corporation tax in the UK of 21.8% (2013: 23.5%). The differences are explained below:

	2014	2013
	£'000	£'000
Loss on ordinary activities before taxation	(375)	(427)
Loss on ordinary activities multiplied by rate of tax at 21.8% (2013: 23.5%)	(82)	(100)
Effects of:		
Permanent differences	-	6
Unrecognised losses carried forward	82	94
Current tax charge for the year/period	-	-

5. Tangible assets

	Fixtures, fittings & equipment £'000
Cost	
At 1 November 2013 and 31 October 2014	183
Accumulated depreciation	
At 1 November 2013	134
Charge for year	20
At 31 October 2014	154
Net book amount	
At 31 October 2014	29
At 31 October 2013	49

STG Travel Group Ltd.

Notes to the financial statements for the year ended 31 October 2014 (continued)

6. Investments

	£'000
Cost as at 1 November 2013 and 31 October 2014	6,119

At 31 October 2014 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
Equity Inspiring Learning Limited	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.

7. Debtors

	31 October 2014 £'000	31 October 2013 £'000
Amounts owed by group undertakings	19,482	19,482
Other taxation and social security	97	45
Prepayments and accrued income	51	51
	19,630	19,578

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

8. Creditors: amounts falling due within one year

	31 October 2014 £'000	31 October 2013 £'000
Amounts owed to group undertakings	22,397	21,970
Accruals and deferred income	13	14
	22,410	21,984

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

STG Travel Group Ltd.

Notes to the financial statements for the year ended 31 October 2014 (continued)

9. Leasing commitments

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

	31 October 2014 £'000	31 October 2013 £'000
Between two and five years	190	190

10. Called up share capital

	31 October 2014 £'000	31 October 2013 £'000
Authorised		
250,000 (2013: 250,000) Ordinary shares of £1 each (2013: £1)	250	250
7,217,333 (2013: 7,217,333) Ordinary A shares of £1 each (2013: £1)	7,217	7,217
1,000,000 (2013: 1,000,000) Ordinary B shares of £1 each (2013: £1)	1,000	1,000
	8,467	8,467
Allotted and fully paid:		
250,000 (2013: 250,000) Ordinary shares of £1 each (2013: £1)	250	250
7,217,333 (2013: 7,217,333) Ordinary A shares of £1 each (2013: £1)	7,217	7,217
505,230 (2013: 505,230) Ordinary B shares of £1 each (2013: £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 November 2013	(4,206)
Loss for the year	(375)
At 31 October 2014	(4,581)

STG Travel Group Ltd.

Notes to the financial statements for the year ended 31 October 2014 (continued)

12. Reconciliation of movements in total shareholders' funds

	31 October 2014 £'000	31 October 2013 £'000
Loss for the year	(375)	(427)
Opening total shareholders' funds	3,767	4,194
Closing total shareholders' funds	3,392	3,767

13. Contingent liabilities

The company is a guarantor, alongside other group subsidiaries, of the Inspiring Learning Services Limited group bank facilities. The liabilities concerned amounted to £41,936,000 at 31 October 2014 (2013: £41,646,000).

There were no other material contingent liabilities at 31 October 2014 or 31 October 2013.

14. Ultimate controlling party

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

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

A copy of Inspiring Learning Services Limited and Inspiring Learning Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Inspiring Learning Group Limited, incorporated in England is the ultimate parent undertaking of the entity.

The directors consider that the company is controlled by funds managed and controlled by aPriori Capital Partners IV LLC.