

638891

**SAGA GROUP LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 JANUARY 2011**

WEDNESDAY



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**SAGA GROUP LIMITED**  
**Directors' report**

Directors J A Goodsell  
S M Howard

Secretary J Davies

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

Company Registration no 638891

The Directors submit their report together with the audited financial statements for the year ended 31 January 2011

**Review of Business Developments and principal activity**

The Company's principal activity is to provide administrative services to other group companies. The Group's principal activities are the provision of inclusive holidays, cruises and travel services, and insurance and financial services, to people aged fifty and over.

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

	<b>2011</b>	<b>2010</b>	<b>change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Administrative and marketing expenses	(20,217)	(10,417)	(94.1)
Income from shares in group undertakings	85,500	82,500	3.6
Profit before taxation	<u>66,673</u>	<u>73,381</u>	(9.1)
EBITDA	<u>(1,744)</u>	<u>(3,949)</u>	55.8
Average number of employees	<u>513</u>	<u>512</u>	0.2

The average monthly number of employees has increased 0.2% over the previous year whilst Staff costs have fallen 12.3%. Administrative and marketing expenses have increased 94.1% to £20,217,000.

For decision making and internal performance management, management's key performance metric is Earnings before interest, tax, depreciation and amortisation which is adjusted to exclude exceptional items and income from shares in group undertakings (EBITDA). EBITDA for the year was £1,744,000 loss, up 55.8% on the previous year.

The profit for the year before taxation amounts to £66,673,000 (2010 - £73,381,000). After taxation, a profit of £67,317,000 (2010 - £78,752,000) has been taken to reserves. No dividends have been paid in the year (2010 - £nil).

## **SAGA GROUP LIMITED**

### **Directors' report continued**

#### **Principal Risks And Uncertainties**

The Company follows a structured risk identification and assessment process that involves all of its Directors and which is updated on an ongoing basis.

The principal risks have been grouped into the following categories:

##### *Market Risk*

The Company's subsidiaries continue to operate in highly competitive markets with increasing numbers of competitors identifying that the over 50's is an attractive market segment. This could lead to increased price competition with the effect of reduced margins or reduced market share. These risks are managed through promotion of the group brand and continuing efforts to improve efficiency and reduce costs.

##### *Brand Risk*

The Company recognises that the Saga brand is a key differentiator and source of competitive advantage, and brand damage from low quality products or services could have an adverse impact on the Company.

##### *Operational Risk*

Key operational risks faced by the Company's subsidiaries include call centre disruption through loss of telephony or IT infrastructure, loss of physical infrastructure (such as building loss or access restrictions) or insufficient staff being available to service customer requirements.

In order to manage these risks, the Company has put in place rigorous procedures and controls designed to prevent these risks occurring or, where this is not possible, to mitigate their effects. These controls are monitored both by the Compliance and Internal Audit functions to ensure they are working effectively.

#### **Future developments**

The Company will continue to act as an intermediate holding company.

#### **Employee involvement**

During the year the Company has maintained the practice of keeping employees informed about current activities and progress by various methods including a regular staff newsletter. Employee participation and involvement is encouraged.

#### **Employment of disabled persons**

It is the policy of the Company to develop a working environment and to offer terms and conditions of service to provide disabled persons, with the appropriate skills and qualifications, equal opportunities to seek and maintain employment with the Company. It is the Company's policy to retain in employment, whenever practicable, employees who become disabled and give all such employees equal consideration for training and career development to enable them to fulfil their promotion potential.

**SAGA GROUP LIMITED**  
**Directors' report continued**

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

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

**SAGA GROUP LIMITED**  
**Directors' report continued**

**Disclosure of information to the auditors**

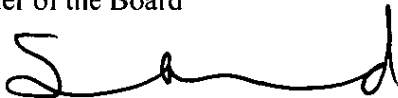
Each current Director has made enquiries of their fellow directors and the Company's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

**Auditors**

In accordance with section 487(2) of the Companies Act 2006, the Auditors Ernst & Young LLP are deemed re-appointed

By order of the Board

A handwritten signature in black ink, appearing to read 'S M Howard', written over a horizontal line.

S M Howard  
Director  
28 June 2011

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

We have audited the financial statements of Saga Group Limited for the year ended 31 January 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of movements in Shareholders' Funds, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement as set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 January 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Kevin Senior (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
30 June 2011

**SAGA GROUP LIMITED****Profit and loss account for the year ended 31 January 2011**

	Note	2011 £'000	2010 £'000
Administrative and marketing expenses		(4,778)	(6,008)
Exceptional items	3	(15,439)	(4,409)
<b>Total administrative and marketing expenses</b>		<u>(20,217)</u>	<u>(10,417)</u>
Other operating income	2	1,396	1,302
<b>Operating loss</b>	3	<u>(18,821)</u>	<u>(9,115)</u>
Income from shares in group undertakings		85,500	82,500
Interest payable and similar charges	4	(6)	(4)
<b>Profit on ordinary activities before taxation</b>		<u>66,673</u>	<u>73,381</u>
Taxation	8	644	5,371
<b>Profit on ordinary activities after taxation</b>	17	<u>67,317</u>	<u>78,752</u>

There were no recognised gains or losses other than the amounts included above

<b>Reconciliation of movements in shareholders' funds</b>	2011 £'000	2010 £'000
Total recognised gains and losses relating to the year	67,317	78,752
Net movement in shareholders' funds	<u>67,317</u>	<u>78,752</u>
Shareholders' funds brought forward	566,327	487,575
Shareholders' funds carried forward	<u>633,644</u>	<u>566,327</u>

**SAGA GROUP LIMITED**  
**Balance sheet as at 31 January 2011**

	Note	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Tangible assets	9	21,546	7,304
Investment in subsidiary undertakings	10	154,946	106,714
		<u>176,492</u>	<u>114,018</u>
<b>Current assets</b>			
Stock		14	12
Debtors	11	1,576,578	1,232,275
Cash on deposit	12	245,846	208,443
Cash at bank and in hand		126	163
		<u>1,822,564</u>	<u>1,440,893</u>
<b>Creditors - amounts falling due within one year</b>	13	(1,363,398)	(986,504)
<b>Net current assets</b>		<u>459,166</u>	<u>454,389</u>
<b>Total assets less current liabilities</b>		635,658	568,407
<b>Creditors - amounts falling due after more than one year</b>	14	(2,014)	(2,080)
<b>Net assets</b>		<u>633,644</u>	<u>566,327</u>
<b>Capital and reserves</b>			
Called up share capital	16	3,617	3,617
Share premium account	17	84	84
Profit and loss account	17	629,943	562,626
<b>Shareholders' funds</b>		<u>633,644</u>	<u>566,327</u>

Signed for and on behalf of the Board by



S M Howard  
 Director  
 28 June 2011



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

**1 Accounting policies**

**a Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards as defined in the Companies Act 2006 s 464

The Company has taken advantage of the exemption under the Companies Act 2006 s 400 not to prepare and deliver group financial statements as it is a wholly owned subsidiary of the ultimate holdings company Acromas Holdings Limited. As such, these financial statements show only the results of the individual company and not the group

Investments in subsidiaries are accounted for at the lower of cost and net realisable value

**b Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended. The cost of fixed assets less their expected residual value is depreciated by equal instalments over their useful economic lives. These lives are as follows

Leasehold properties	over the period of the lease
Fixtures & fittings	3 - 10 years
Plant and Machinery	3 - 10 years

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

**c Operating leases**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

**d Stocks**

Stocks are valued at the lower of cost and net realisable value

**e Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

**f Pension benefits**

Annual contributions are made to the UK defined benefit pension Scheme on the advice of actuaries for funding of retirement benefits in order to build up reserves for participating employees during the employee's working life to pay to the employee or dependent a pension after retirement

The Company is one of a number of Saga companies participating in the Scheme, and its contributions are affected by the financial position of the Scheme as a whole. As it is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, the Company accounts for its pension expense on a defined contribution basis in accordance with FRS 17 (Retirement benefits). The costs of providing these benefits are charged to the profit and loss account on a regular basis. Amounts charged to operating profit represent the contributions payable to the scheme in the year

## SAGA GROUP LIMITED

### Notes to the financial statements continued

**g Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments

**h Provisions for liabilities**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

**i Cash flow statement**

The Directors have taken advantage of the exemption available under FRS 1 (Cash flow statements) of the requirement to prepare a cash flow statement as a consolidated cash flow statement has been presented in the financial statements of the ultimate parent undertaking, Acromas Holdings Limited

**j Interest income**

Revenue is recognised as interest accrues

**2. Other operating income**

	2011	2010
	£'000	£'000
Interest on deposits	1,396	1,302

**3. Operating loss**

	2011	2010
	£'000	£'000
Operating loss is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	2,616	1,359
Depreciation of leased tangible fixed assets	418	700
Deferred government grant release	(234)	(65)
Fees for the audit of the Company	17	15
Operating lease rentals – land and buildings	1,490	1,451
Operating lease rentals – plant and machinery	615	580
Exceptional item – remedial works	5	261
Exceptional item – dilapidations	300	-
Exceptional item – restructuring costs	1,189	4,148
Exceptional item – impairment review	13,945	-

The exceptional items relate to: (a) residual costs associated with a major one-off programme of remedial works to an office building, (b) dilapidation costs to be incurred for a warehouse after expiry of lease, (c) restructuring expenditure costs primarily relating to redundancy costs, professional fees and the re-organising of Group operations, and (d) impairment review charges relating to investment in subsidiaries (see note 10)

Any fees paid to the Company's auditor, Ernst & Young LLP, for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of the ultimate parent undertaking, Acromas Holdings Limited, are required to disclose non-audit fees on a consolidated basis

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

<b>4. Interest payable and similar charges</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Inter-company interest	4	2
Other interest payable	2	2
	<u>6</u>	<u>4</u>

<b>5. Directors' emoluments</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments in respect of qualifying services	2,304	2,297
	<u>2</u>	<u>2</u>

The Directors emoluments shown above relate to J A Goodsell and S M Howard. Whilst both of these Directors hold directorships in other group companies, the full amount of their emoluments are included above as it would not be practicable to apportion their emoluments between their services as Directors of the Company and their services as Directors of other group companies.

The amounts paid in respect of the highest paid Director were as follows -

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments in respect of qualifying services	1,476	1,477
	<u>2011</u>	<u>2010</u>
	<b>£'000</b>	<b>£'000</b>
Defined benefit pension scheme	77	70
Accrued pension at end of year		

<b>6. Staff costs</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	15,023	17,084
Social security costs	1,422	1,699
Pension costs	1,128	1,238
Other costs	239	290
	<u>17,812</u>	<u>20,311</u>
Average number of persons employed during the year was.	513	512

## SAGA GROUP LIMITED

### Notes to the financial statements continued

#### 7. Pension benefits

The Company is a member of the Saga Group Pension and Life Assurance Scheme which is a defined benefit scheme

The Company is one of a number of Saga companies participating in the Scheme, and its contributions are affected by the financial position of the Scheme as a whole. As it is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, the Company is accounting for its pension expense on a defined contribution basis in accordance with FRS 17 (Retirement benefits). The FRS 17 surplus (gross of deferred taxation) of the Scheme at 31 January 2011 was £7.2 million (2010 - £7.0 million deficit).

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

#### 8. Taxation

	2011 £'000	2010 £'000
UK corporation tax at 28% (2010 – 28%) – current year	(1,487)	(2,977)
Adjustments relating to prior years	55	29
Current tax	(1,432)	(2,948)
Deferred tax – Origination and reversal of timing differences	291	(2,423)
Deferred tax – Adjustment in respect of prior periods	426	-
Deferred tax – Effect of tax rate change on opening balance	71	-
	<u>(644)</u>	<u>(5,371)</u>

Reconciliation of Current Tax Credit -	2011 £'000	2010 £'000
Pre-tax profit at 28% (2010 – 28%)	18,668	20,547
Non taxable dividend income	(23,940)	(23,100)
(Accelerated)/decelerated capital allowances	(277)	(153)
Provisions against capital investments and loans	3,905	(47)
Permanent differences	181	38
Other timing differences	(24)	(262)
Adjustments relating to prior years	55	29
Current tax credit for the year	<u>(1,432)</u>	<u>(2,948)</u>

The tax credit relating to the exceptional items amounts to £333,000 (2010 - £1,235,000)

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

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

**9. Tangible fixed assets**

	Short Leasehold Land & Buildings £'000	Assets Under Construction £'000	Fixtures & Fittings £'000	Plant & Machinery £'000	Total £'000
<b>Cost</b>					
At 1 February 2010	4,730	-	10,872	15,293	30,895
Additions	6,879	3,919	2,819	3,659	17,276
Disposals	-	-	(1,063)	(3,493)	(4,556)
At 31 January 2011	11,609	3,919	12,628	15,459	43,615
<b>Depreciation</b>					
At 1 February 2010	2,561	-	8,883	12,147	23,591
Charge for year	418	-	812	1,804	3,034
Disposals	-	-	(1,063)	(3,493)	(4,556)
At 31 January 2011	2,979	-	8,632	10,458	22,069
<b>Net book amounts</b>					
At 31 January 2011	8,630	3,919	3,996	5,001	21,546
At 31 January 2010	2,169	-	1,989	3,146	7,304

**10. Investment in subsidiaries**

	Subsidiary Undertakings £'000
<b>Cost</b>	
At 1 February 2010	107,958
Additions	62,177
At 31 January 2011	170,135
<b>Provision</b>	
At 1 February 2010	1,244
Charge for year (see below)	13,945
At 31 January 2011	15,189
<b>Net book amount</b>	
At 31 January 2011	154,946
<b>Net book amount</b>	
At 31 January 2010	106,714

## **SAGA GROUP LIMITED**

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

#### **10. Investment in subsidiaries (continued)**

The main operating subsidiary undertakings of Saga Group Limited, all of whose ordinary shares are directly held with the exception of Saga Cruises Limited, Saga Cruises II Limited, Enbrook Cruises Limited, Acromas Shipping Limited and Acromas Holidays Limited, are listed below. Acromas Shipping Limited holds shares in Saga Cruises Limited, Saga Cruises II Limited and Enbrook Cruises Limited. Acromas Holidays holds shares in Acromas Shipping Limited. Acromas Travel Limited holds shares in Acromas Holidays Limited

Company	Country of registration	Nature of business
Acromas Holidays Limited	England	Tour Operating
Acromas Transport Limited	England	Tour Operating
Acromas Travel Limited	England	Tour Operating
Acromas Shipping Limited	England	Cruising
Saga Cruises Limited	England	Cruising
Saga Cruises II Limited	England	Cruising
Enbrook Cruises Limited	England	Cruising
Saga Cruises BDF Limited	England	Cruising
Saga Services Limited	England	Financial services
Direct Choice Insurance Services Limited	England	Insurance services
Acromas Insurance Company Limited	Gibraltar	Insurance underwriting
Saga Personal Finance Limited	England	Regulated investment products
Saga Publishing Limited	England	Publishing
MetroMail Limited	England	Mailing house
Saga Independent Living Limited	England	Domiciliary care

On 8<sup>th</sup> February 2010 the Company acquired the entire share capital of Direct Choice Insurance Services Limited from Automobile Association Developments Limited, a fellow group undertaking, for £53,627,000. Following a subsequent review for impairment, a provision of £13,945,000 was created against this investment. In arriving at this impairment charge, the impairment review undertaken looked at the discounted projected future cash flows of the company, using an annual discount rate of 10%.

On 10<sup>th</sup> May 2010 the Company invested £8,550,000 in the ordinary share capital of Acromas Travel Limited. All consideration was satisfied in cash.

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

<b>11. Debtors</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	170	1
Amount owed by group undertakings	1,570,072	1,222,283
Corporation Tax	-	4,796
Other Debtors	2,885	1,509
Prepayments and deferred expenditure	1,816	1,263
Deferred taxation	1,635	2,423
	<u>1,576,578</u>	<u>1,232,275</u>

Deferred tax comprises of short term timing differences of £136,000 (2010 - £651,000) and an excess of depreciation over capital allowances of £1,499,000 (2010 - £1,772,000)

Legislation was introduced in Finance (No2) Act 2010 to reduce the main rate of corporation tax from 28% to 27% with effect from 1 April 2011. The effect of this reduction is reflected in the deferred tax asset recorded on the balance sheet. Since the balance sheet date, the UK government has substantively enacted new legislation to reduce the corporation tax rate further to 26% with effect from 1 April 2011 and announced its intent to legislate to reduce the rate further by 1% per annum to 23% with effect from 1 April 2014.

The directors estimate that the effect of these changes will reduce the company's deferred tax asset by £248,000.

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

<b>12. Cash on deposit</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Deposits with financial institutions	<u>245,846</u>	<u>208,443</u>

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

Included in the above deposits, £132,907,000 (2010 - £nil) of monies were held in an escrow account in relation to the purchase of the Nestor Healthcare Group plc (see note 22)).

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

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Bank overdraft	151	5
Trade creditors	727	662
Due to group undertakings	1,348,345	974,159
Other taxes and social security	1,883	1,832
Deferred government grants	65	65
Other creditors	3,920	1,033
Accruals and deferred income	8,307	8,748
	<u>1,363,398</u>	<u>986,504</u>

**SAGA GROUP LIMITED****Notes to the financial statements continued****14. Creditors - amounts falling due after more than one year**

	2011 £'000	2010 £'000
Deferred government grants	<u>2,014</u>	<u>2,080</u>

**15. Lease commitments**

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

	2011 £'000	2010 £'000
Land and buildings		
Leases expiring		
Within one year	59	35
Between two and five years	62	104
After five years	<u>1,306</u>	<u>1,387</u>
	<u>1,427</u>	<u>1,526</u>
Plant and machinery		
Leases expiring		
Within one year	155	112
Between two and five years	<u>441</u>	<u>433</u>
	<u>596</u>	<u>545</u>

**16. Called up share capital**

	2011 £'000	2010 £'000
<b>Allotted, called up and fully paid</b>		
18,086,076 ordinary shares at 20p each	<u>3,617</u>	<u>3,617</u>

**17. Reserves**

	Share Premium		Profit and Loss	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Balance at beginning of the year	84	84	562,626	483,874
Profit for the year	-	-	67,317	78,752
Balance at the end of the year	<u>84</u>	<u>84</u>	<u>629,943</u>	<u>562,626</u>

**18. Related party transactions**

The Company has taken advantage of the exemption within FRS 8 (Related party disclosures) in not disclosing transactions with other entities in the Acromas group of companies



## **SAGA GROUP LIMITED**

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

#### **19. Ultimate parent undertaking**

The Company is wholly owned by its immediate parent undertaking, Saga Leisure Limited, a company which is registered in England. The financial statements of the Company have been consolidated in the group financial statements of Acromas Holdings Limited, a company which is registered in England.

#### **20. Cross company guarantees**

The Company, along with certain of its fellow subsidiaries, acts as Obligor on bank loans made to Acromas Mid Co Limited. At the balance sheet date the principal, accrued interest, guarantees and other facilities outstanding on these bank loans was £5,034.7 million (2010 - £5,176.9 million).

#### **21. Ultimate controlling party**

The Directors consider the ultimate controlling party to be funds advised by Charterhouse General Partners, CVC Capital Partners and Permira Advisers acting in concert.

#### **22. Post Balance Sheet events**

On 1st February 2011, the Company acquired the entire share capital of Nestor Healthcare Group plc for a consideration (including costs) of £130.8 million. Consideration for the transaction was settled in cash.

As at 31 January 2011, the Company was committed to the transaction and the funds for the purchase were held in an escrow account (see note 12).