

**ST&H LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 JANUARY 2019**



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**ST&H LIMITED**  
**Company information**

Directors: L H L Batchelor  
J Quin (appointed 23 January 2019)  
A C Donald (resigned 17 August 2018)  
J S Hill (resigned 28 September 2018)  
R Bowden-Doyle  
P R Shaw  
S A Jenkins (appointed 17 September 2018)

Secretary: V Haynes

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

Company Registration no: 02174052

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

## **ST&H LIMITED**

### **Strategic report**

The Directors submit the Annual Report and the audited Financial Statements for ST&H Limited (the "Company") together with the consolidated accounts for the ST&H Limited group of companies (the "Group") for the year ended 31 January 2019.

#### **Review of Business Developments and Principal Activity**

The Group's principal activity is to provide inclusive holidays, cruises and travel services mainly to people aged 50 and over, in the United Kingdom.

During the year the Group owned and operated two cruise ships, Saga Pearl II and Saga Sapphire.

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

	<b>2019</b>	<b>2018</b>	<b>change</b>
		<b>(restated )</b>	
	<b>£000</b>	<b>£000</b>	<b>%</b>
Turnover	457,383	448,692	1.9
Gross profit	93,253	92,804	0.5
Gross margin	20.4%	20.7%	0.3 ppt
Underlying Profit Before Tax	<u>20,666</u>	<u>19,578</u>	5.6

Turnover for the year to 31 January 2019 was £457,383,000, 1.9% up on the previous year, and all arose from the Company's principal activity.

For decision making and internal performance management, management's key performance metric is Underlying Profit Before Tax. Underlying Profit Before Tax represents profit before tax from continuing operations excluding unrealised fair value gains or losses on derivatives and the impairment of the carrying value of cruise ships. Underlying Profit Before Tax for the year was £20,666,000 up 5.6% on the previous year, as a result of lower ship maintenance days in the cruise division and lower non-trading costs.

The profit for the year before taxation amounts to £15,732,000 (2018 – £18,963,000). After taxation, a profit of £12,579,000 (2018 – £14,839,000) has been taken to reserves. No dividends have been paid in the year (2018 – £nil).

## **Principal Risks and Uncertainties**

The Group 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 facing the Group have been grouped under the following four headings:

### **1. Legislative Risks**

The Group has to comply with the EEC (European Economic Community) Package Travel Regulations, and comply with the regulations of both the CAA (Civil Aviation Authority) and ABTA (Association of British Travel Agents) in order to trade as a tour operator.

The Group's two cruise ships have to comply with maritime regulations and ensure that regulatory changes are responded to.

A failure to comply with these regulations could cause the Group to incur fines or be prevented from trading.

### **2. Operational Risks**

The Group provides package holidays where the components of the holiday are exposed to the potential of financial failure, strike actions, extreme weather conditions or other factors causing the hotel, airline, boat or coach operator to be unable to provide their service.

The Group's cruise ships operate internationally throughout the year and are at risk of damage through collision, fire, grounding or extreme weather conditions. Customers' safety and health are of primary importance in the event of these risks occurring. Additionally the risk of the ships causing environmental damage by pollution is also a key concern. If these risks were to crystallise, the cost of repairs and repatriation would adversely affect future profits, and if not managed appropriately, damage the Group brand.

### **3. Brand Risk**

The Group recognises that Saga as a quality brand is a source of competitive advantage, and has in place policies and procedures to protect it at all times. The Group has zero appetite and a very low tolerance for brand and reputation risks and will look wherever possible to eliminate them. The Group also has zero appetite and very low tolerance for systemic unfair customer outcomes as a result of failures in the product, marketing, sales or service delivery systems and processes, or cultural shortcomings.

## **Principal Risks and Uncertainties (continued)**

### **4. Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to currency risk and commodity price risk. Financial instruments, including forward currency contracts and fuel swaps, are used to mitigate these risks.

In order to manage these risks, the Group 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 by the Group Internal Audit function to ensure they are working effectively, and are also reviewed by the external regulators.

### **Future Developments**

As the Group faces a challenging competitive environment, the Directors continue to look to offer differentiated value for money holiday products. In 2019, the Group currently have two new cruise ships under construction for delivery in June 2019 and August 2020 respectively. These new ships will be straight replacements for our existing ships.

### **The impact of uncertainties due to the UK exiting the European Union**

There is considerable uncertainty as to how – and even whether – the UK will exit from the EU, or at least as to when Brexit will take effect and on what terms. The potential impact on the Group of Brexit, have been considered. The range of scenarios considered includes the additional administration processes and costs associated with running a travel tour operating and cruising business and prolonged disruption at the Port of Dover and Eurotunnel. The Group will continue to closely monitor the political developments, and adapt mitigation plans accordingly.

### **Policy on use of financial instruments**

The Group enters into derivative transactions (commodity swaps and forward foreign currency contracts). The purpose of these transactions is to manage the commodity and currency risks arising from the Group's operations. The board sets the policies for managing these risks and these policies are summarised below.

The Group has transactional currency exposures that arise from purchases in currencies other than the Group's functional currency. The Group uses forward currency contracts to eliminate the currency exposures on all material transactions. The forward contracts to purchase foreign currency are transacted to coincide with identified requirements so that at all times the Group has no material exposures to foreign currency risk. Hedge accounting is used where prescribed criteria are met as explained in accounting policy 2.4i.

The Group is exposed to the market price of fuel relating to the consumption of fuel on the Group's cruise ships. The Group uses fuel swap agreements, and occasionally caps, to mitigate this exposure. The agreements hedge all the anticipated fuel requirements of the Group and are transacted to coincide with committed itineraries.

**ST&H LIMITED**  
**Strategic report (continued)**

**Customer protection**

The CAA and the ABTA regulate the business conducted by the Group in the UK. From 1<sup>st</sup> April 2008, the CAA replaced the system of lodged security bonds with the introduction of ATOL Protection Contributions, which the Group pays into the Air Travel Trust Fund.

By order of the Board

A handwritten signature in black ink, consisting of a series of loops and a trailing line, positioned above the printed name and title.

S A Jenkins  
Director

24 July 2019

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**ST&H LIMITED**  
**Directors' report**

The Directors submit the Directors' Report of the Group for the year ended 31 January 2019.

**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 Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRS as adopted by the EU) 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 Group and Parent Company financial statements and of their profit or loss for that period.

In preparing these the Group and Parent Company 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 the Group and Parent Company financial statements have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also 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 Group and hence to prevent and detect fraud and other irregularities.

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

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

**Employee involvement**

During the year the Group 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 Group 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 Group. It is the Group'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.

**Political donations**

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

**Going concern**

The Group's business activities, together with the factors likely to affect its future development, its performance, position, risk management objectives, details of its financial instruments and derivative activities, and its exposure to legislative, operational, market and brand risk are described in the business review on page 4-5.

Notwithstanding net current liabilities of £24,697,000 as at 31 January 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from intermediate parent company, Saga Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Saga Group Limited providing additional financial support during that period. Saga Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.



**ST&H LIMITED****Directors' report (continued)****Disclosure of information to the auditor**


Each current Director has made enquiries of their fellow directors and the Group'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.

**Auditor**

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

By order of the Board

A handwritten signature in black ink, appearing to be 'S A Jenkins', written over a circular stamp or seal.

S A Jenkins  
Director

24 July 2019

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST&H LIMITED**

### **Opinion**

We have audited the financial statements of ST&H Limited ("the Company") for the year ended 31 January 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Parent Company Statement of Financial Position, 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 Group's and of the Parent Company's affairs as at 31 January 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Group 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.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **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").

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST&H LIMITED (continued)**

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

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

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

### **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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent 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.

We have nothing to report in these respects.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST&H LIMITED (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on pages 7, 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 Group and Parent 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 Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

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

### **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.



Heidi Broom-Hirst (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

15 Canada Square  
Canary Wharf  
London  
E14 5GL

29 July 2019

**ST&H LIMITED**  
**Consolidated income statement**  
**for the year ended 31 January 2019**

	Note	2019 £'000	2018 (restated) £'000
Revenue	3	457,383	448,692
Cost of sales	3	<u>(364,130)</u>	<u>(355,888)</u>
<b>Gross profit</b>		<b>93,253</b>	<b>92,804</b>
Administrative & selling expenses	4	(78,669)	(73,089)
Other operating income		223	159
Finance costs	5	(59)	(2,273)
Finance income	6	<u>984</u>	<u>1,362</u>
<b>Profit before tax</b>		<b>15,732</b>	<b>18,963</b>
Tax expense	9	<u>(3,153)</u>	<u>(4,124)</u>
<b>Profit for the year</b>		<b><u>12,579</u></b>	<b><u>14,839</u></b>
Attributable to:			
Equity holders of the parent		<u>12,579</u>	<u>14,839</u>
		<b><u>12,579</u></b>	<b><u>14,839</u></b>

The notes on pages 19 to 81 form an integral part of these financial statements.

**ST&H LIMITED****Consolidated statement of comprehensive income  
for the year ended 31 January 2019**

	Note	2019 £'000	2018 (restated) £'000
<b>Profit for the year</b>		<b>12,579</b>	<b>14,839</b>
<b>Other comprehensive income</b>			
<i><b>Other comprehensive income to be reclassified to profit and loss account in subsequent years</b></i>			
Net gain/(loss) on cash flow hedges during the year		473	(5,327)
Recycling of previous gains to income statement on matured hedges		(2,948)	(18,772)
Total net loss on cash flow hedges		(2,475)	(24,099)
Tax effect		421	4,097
<b>Total other comprehensive loss</b>		<b>(2,054)</b>	<b>(20,002)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>10,525</b>	<b>(5,163)</b>
Attributable to:			
Equity holders of the parent		10,525	(5,163)
		<b>10,525</b>	<b>(5,163)</b>

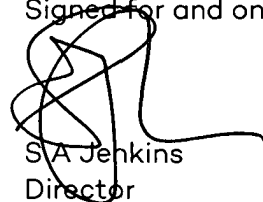
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**ST&H LIMITED**  
**Consolidated statement of financial position**  
**as at 31 January 2019**

	Note	2019 £'000	2018 (restated) £'000
<b>Non-current assets</b>			
Goodwill	10	30,939	30,939
Intangible fixed assets	11	16,309	16,445
Property, plant and equipment	13	129,851	112,782
Deferred tax assets	9	3,521	3,225
Financial assets	14	643	32,520
<b>Current assets</b>			
Current tax assets		22	6
Financial assets	14	32,742	5,963
Inventories	16	5,174	5,427
Trade and other receivables	17	41,920	31,026
Cash and short-term deposits	18	69,037	63,096
<b>Total assets</b>		<b>330,158</b>	<b>301,429</b>
<b>Non-current liabilities</b>			
Financial liabilities	14	8,520	7,205
Deferred tax liabilities	9	4,048	7,050
Other liabilities	20	39,435	15,231
<b>Current liabilities</b>			
Provisions		93	93
Financial liabilities	14	25,136	18,420
Other liabilities	20	111,891	124,728
Trade and other payables	19	36,472	34,866
<b>Total liabilities</b>		<b>225,595</b>	<b>207,593</b>
<b>Equity</b>			
Issued capital	21	54,088	54,088
Retained earnings		32,125	19,546
Capital contribution reserve		991	789
Hedging reserve		17,359	19,413
<b>Total equity</b>		<b>104,563</b>	<b>93,836</b>
<b>Total liabilities and equity</b>		<b>330,158</b>	<b>301,429</b>

The notes on pages 19 to 81 form an integral part of these financial statements.

Signed for and on behalf of the Board by



S A Jenkins  
Director

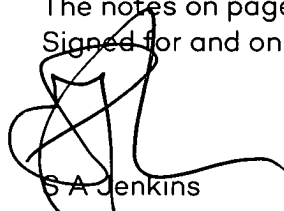
24 July 2019

**ST&H LIMITED**  
**Company statement of financial position**  
**as at 31 January 2019**

	Note	2019 £'000	2018 (restated) £'000
<b>Non-current assets</b>			
Goodwill	10	18,155	18,155
Intangible fixed assets	11	6,998	5,409
Property, plant and equipment	13	4,355	4,861
Investment in subsidiaries	25	75,395	75,395
Deferred tax assets		7,218	7,467
Financial assets	14	497	31,682
<b>Current assets</b>			
Current tax assets		22	6
Financial assets	14	37,444	3,677
Inventories	16	7	10
Trade and other receivables	17	169,506	119,705
Cash and short-term deposits	18	57,546	54,942
<b>Total assets</b>		<b>377,143</b>	<b>321,309</b>
<b>Non-current liabilities</b>			
Financial liabilities	14	6,904	5,572
Deferred tax liabilities		5,769	5,516
Other liabilities	20	32,513	7,523
<b>Current liabilities</b>			
Provisions		93	93
Financial liabilities	14	115,155	93,616
Other liabilities	20	69,514	79,841
Trade and other payables	19	26,831	24,846
<b>Total liabilities</b>		<b>256,779</b>	<b>217,007</b>
<b>Equity</b>			
Issued capital	21	54,088	54,088
Retained earnings		65,985	54,205
Capital contribution reserve		684	519
Hedging reserve		(393)	(4,510)
<b>Total equity</b>		<b>120,364</b>	<b>104,302</b>
<b>Total liabilities and equity</b>		<b>377,143</b>	<b>321,309</b>

The notes on pages 19 to 81 form an integral part of these financial statements.

Signed for and on behalf of the Board by

  
S A Jenkins  
Director  
24 July 2019



**ST&H LIMITED**  
**Consolidated statement of changes in equity**  
**for the year ended 31 January 2019**

	Issued capital £'000	Retained earnings £'000	Capital contribution reserve £'000	Hedging reserve £'000	Total equity £'000
<b>At 1 February 2018 (as reported)</b>	<b>54,088</b>	<b>19,519</b>	<b>789</b>	<b>19,298</b>	<b>93,694</b>
IFRS 9/15 adjustment	-	27	-	115	142
<b>At 1 February 2018 (restated)</b>	<b>54,088</b>	<b>19,546</b>	<b>789</b>	<b>19,413</b>	<b>93,836</b>
Profit for the year	-	12,579	-	-	12,579
Other comprehensive losses excluding recycling	-	-	-	393	393
Recycling of previous gains to income statement	-	-	-	(2,447)	(2,447)
Total comprehensive income/(losses)	-	12,579	-	(2,054)	10,525
Capital contribution from ultimate parent	-	-	202	-	202
<b>At 31 January 2019</b>	<b>54,088</b>	<b>32,125</b>	<b>991</b>	<b>17,359</b>	<b>104,563</b>
<b>At 1 February 2017 (reported)</b>	<b>54,088</b>	<b>6,213</b>	<b>645</b>	<b>37,903</b>	<b>98,849</b>
IFRS 9/15 adjustment	-	(1,506)	-	1,512	6
<b>At 1 February 2017 (restated)</b>	<b>54,088</b>	<b>4,707</b>	<b>645</b>	<b>39,415</b>	<b>98,855</b>
Profit for the year (restated)	-	14,839	-	-	14,839
Other comprehensive losses excluding recycling (restated)	-	-	-	(4,422)	(4,422)
Recycling of previous gains to income statement	-	-	-	(15,580)	(15,580)
Total comprehensive income/(losses) (restated)	-	14,839	-	(20,002)	(5,163)
Capital contribution from ultimate parent	-	-	144	-	144
<b>At 31 January 2018 (restated)</b>	<b>54,088</b>	<b>19,546</b>	<b>789</b>	<b>19,413</b>	<b>93,836</b>

The notes on pages 19 to 81 form an integral part of these financial statements.

**ST&H LIMITED****Consolidated statement of cash flows  
for the year ended 31 January 2019**

	Note	2019 £'000	2018 £'000
<b>Operating activities</b>			
Profit before tax		15,732	18,963
Depreciation and impairment of property, plant and equipment	13	21,163	13,901
Amortisation and impairment of intangible assets	11	4,672	5,429
Loss on disposal of property, plant and equipment	4	31	53
Share-based payment expense		202	144
Finance costs	5	59	2,274
Finance income	6	(984)	(1,362)
Other operating income		(223)	(159)
Movements in other assets and liabilities		5,091	(5,738)
		<u>45,743</u>	<u>33,505</u>
Interest received		223	159
Interest on finance lease agreements		(59)	(71)
Income tax paid		(6,046)	(5,072)
<b>Net cash flows from operating activities</b>		<b>39,861</b>	<b>28,521</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		72	402
Purchase of property, plant and equipment		(42,218)	(56,191)
<b>Net cash flows used in investing activities</b>		<b>(42,146)</b>	<b>(55,789)</b>
<b>Financing activities</b>			
Net movement on balances with related undertakings		9,096	3,425
Payment of finance lease liabilities		(887)	(711)
Dividends paid		-	(228)
<b>Net cash flows from financing activities</b>		<b>8,209</b>	<b>2,486</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,924</b>	<b>(24,782)</b>
Foreign exchange differences		-	-
Cash and cash equivalents at 1 February		63,083	87,865
<b>Cash and cash equivalents at 31 January</b>	18	<b>69,007</b>	<b>63,083</b>

The notes on pages 19 to 81 form an integral part of these financial statements.

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**ST&H LIMITED**  
**Notes to the financial statements**

**1 Corporate information**

ST&H Limited is a company incorporated and domiciled in the UK (Company No. 02174052) with a Registered Office; Enbrook Park, Sandgate, Folkestone, Kent CT20 3SE.

**2.1 Basis of preparation**

The consolidated financial statements of the Group and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

The financial statements have been prepared on a going concern basis and on a historical cost basis except as otherwise stated.

Amounts in the financial statements are stated in the Group's functional currency of pounds sterling (£'000).

IFRS requires the directors to adopt accounting policies that are the most appropriate to the Group's circumstances. In determining and applying accounting policies, directors and management are required to make judgements in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the Group's reported financial position, results or cash flows; it may later be determined that a different choice may have been more appropriate.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. A discussion on the Group's significant accounting judgements and key sources of estimation uncertainty is detailed in note 2.5. Actual results could differ from those estimates. The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

No profit and loss for the company is presented as permitted by the Companies Act 2006 s.408.

## **2.2 Going concern**

The Group's business activities, together with the factors likely to affect its future development, its performance, position, risk management objectives, details of its financial instruments and derivative activities, and its exposure to legislative, operational, market and brand risk are described in the business review on page 4-5.

Notwithstanding net current liabilities of £24,697,000 as at 31 January 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from intermediate parent company, Saga Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Saga Group Limited providing additional financial support during that period. Saga Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## **2.3 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 January each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are identified and measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where a subsidiary which constituted a major line of business is disposed of or otherwise meets the requirements of IFRS 5 to be held for sale, it is disclosed as a discontinued operation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## **2.4 Summary of significant accounting policies**

### **a Revenue recognition**

The Group has adopted IFRS 15 Revenue from Contracts with Customers for the first time in the year ended 31 January 2019. The Group applied IFRS 15 retrospectively and the details of the new accounting policies for revenue recognition are disclosed below. See note 30 for a reconciliation of the impact on the financial statements arising from the transition to IFRS 15.

Revenue from tour operations and cruise holidays where the Group does not operate the cruise ship is recognised in line with the performance obligations that are included in a package holiday, namely the provision of flights, accommodation, transfers and travel insurance. Revenue is recognised as and when each performance obligation is satisfied.

Revenue in respect of cruise holidays where the Group operates the cruise ship is also recognised in line with the performance obligations being the cruise itself, flights (where applicable), travel insurance and transfers. The portion of revenue allocated to the cruise itself is recognised on a per diem basis over the duration of the cruise in line with when the performance obligation is satisfied. The portion of revenue allocated to each of flights (where applicable), travel insurance and transfers is recognised as and when each performance obligation is satisfied.

An element of revenue which represents the non-refundable deposit received at the time of booking is recognised in the income statement immediately in line with the prevailing rate of cancellation.

Revenue from sales in resort, for example for optional excursions, or on board a cruise ship operated by Group, for example bar sales or optional excursions, is recognised as it is earned.

Revenue from all tour operations and cruising holidays received in advance of when each performance obligation is satisfied are included as other liabilities in the statement of financial position.

### **b Cost recognition**

#### **i. Direct costs**

Costs directly associated with the revenues generated by the Group's principal activities are recognised in the income statement on a basis consistent with the revenue recognition policy.

#### **ii. Finance costs**

Finance costs comprise interest paid and payable which is calculated using the effective interest rate method and recognised in the income statement as it accrues. Accrued interest is included within the carrying value of the interest-bearing financial liability in the statement of financial position.

#### **iii. Other expenses**

Other expenses are taken to the income statement as incurred.

**2.4 Summary of significant accounting policies (continued)**

**c Taxes**

**i. 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.

**ii. Deferred tax**

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

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available 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 or equity, in which case the deferred tax is recognised in other comprehensive income or equity as appropriate.

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.

**2.4 Summary of significant accounting policies (continued)**

**d Foreign currencies**

**i. Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Amounts in the financial statements are stated in the Company's functional currency of pounds sterling (£'000).

Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value are translated using the exchange rate at the date when the fair value is determined. The gains or losses arising on translation of non-monetary items measured at fair value are treated in line with the recognition of gains or losses arising on a change in the fair value of the item (i.e. the translation differences on items whose fair value gain or loss is recognised in other comprehensive income or the income statement are also recognised in other comprehensive income or the income statement, respectively).

**ii. Group companies**

The assets and liabilities of foreign operations are translated into pounds sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recycled to the income statement.



**2.4 Summary of significant accounting policies (continued)****e Intangible assets**

Intangible assets acquired are measured on initial recognition at cost. Intangible assets acquired in a business combination are measured at their fair value at the date of acquisition and, following initial recognition are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding internally developed software, are not capitalised and the related expenditure is reflected in the income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Estimated useful lives are as follows:

Goodwill	Indefinite
Brands	10 years
Customer relationship	Over the life of the customer relationship
Software	3 - 6 years

Intangible assets with finite lives are amortised over their useful economic life on a basis appropriate to the consumption of the asset and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

**2.4 Summary of significant accounting policies (continued)****f Business combinations and goodwill**

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date at fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument within the scope of IAS 39 'Financial Instruments: Recognition and Measurement' is measured at fair value with the changes in fair value recognised in the income statement.

Any excess of the cost of acquisition over the fair values of the identifiable assets and liabilities is recognised as goodwill. If the cost of acquisition is less than the fair values of the identifiable assets and liabilities of the acquired business, the difference is treated as negative goodwill and is recognised directly in the income statement in the year of acquisition. Acquisition-related costs are expensed as incurred and included in administrative expenses.

After initial recognition, Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units at the point of acquisition and is reviewed annually for impairment.

**g Impairment of non-financial assets**

The Group undertakes a full impairment review of the carrying value of goodwill at each reporting date. The Group also assesses at each reporting date whether there is any indication that any other non-financial assets may be impaired. 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.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculations on detailed budgets, plans and long-term growth assumptions, which are prepared separately for each of the Group's CGUs to which individual assets are allocated.

**2.4 Summary of significant accounting policies (continued)****h Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for separately. Likewise, when a major inspection or dry-docking is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the income statement as incurred.

Assets in the course of construction at the balance sheet date are classified separately. These assets are transferred to other asset categories when they become available for their intended use.

Depreciation is charged to the income statement on a straight-line basis so as to write off the depreciable amount of property, plant and equipment over its estimated useful lives. The depreciable amount is the cost of an asset less its residual value. Land is not depreciated. Estimated useful lives are as follows:

Buildings, properties and related fixtures:

Buildings	50 years
Related fittings	3 - 10 years
Cruise ships	2 - 9 years
Computers	3 years
Plant, vehicles and other equipment	3 - 10 years

Costs relating to cruise-ship mandatory dry-dockings are capitalised and depreciated over the period up to the next dry-dock where appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Estimated residual values and useful lives are reviewed annually.

**i Financial instruments**

The Group has adopted IFRS 9 Financial Instruments for the first time for the year ended 31 January 2019. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. As such, the Group has changed its accounting policy and applied it retrospectively, for financial instruments as detailed below. See note 30 for a reconciliation of the impact on the financial statements arising from the transition to IFRS 9.

**2.4 Summary of significant accounting policies (continued)****i Financial instruments (continued)****ii) Financial assets**

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

*Financial Assets at Amortised Cost  
Initial Recognition*

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

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

*Subsequent Measurement*

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

*Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)  
Initial Recognition*

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

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

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

**2.4 Summary of significant accounting policies (continued)**

**i Financial instruments (continued)**

**i) Financial assets (continued)**

*Subsequent Measurement*

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

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

*Financial Assets at Fair Value through Profit and Loss (FVTPL)*

*Initial Recognition*

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

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

*Subsequent Measurement*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss, unless such instrument is designated in a hedging relationship.

*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.

**2.5 Summary of significant accounting policies (continued)****i Financial instruments (continued)****ii) Impairment of financial assets**

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

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

- Debt securities that are determined to have high credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has increased significantly since initial recognition.
- Trade receivables and contract assets 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 Group's historical experience and informed credit assessment and including forward-looking information.

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

*Measurement of ECLs*

ECLs are measured as a probability-weighted estimate of credit losses. Credit losses are measured as the probability of default in conjunction with the present value of the Group's exposure. Loss allowances for ECLs on financial assets measured at amortised cost are recognised as a provision in the statement of financial position with a corresponding charge to the income statement. For debt instruments measured at FVOCI the loss allowance is recognised in the statement of comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

*Credit-impaired financial assets*

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

## **2.4 Summary of significant accounting policies (continued)**

### **i Financial instruments (continued)**

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

##### *Initial recognition and measurement*

All financial liabilities are classified as financial liabilities at amortised cost on initial recognition except for derivatives, which are classified at FVTPL, the gains or losses for which are recognised through other comprehensive income if the instrument is designated as a hedging instrument in an effective hedge.

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

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

##### *Financial liabilities at fair value through profit or loss (FVTPL):*

Derivative financial instruments not designated as hedging instruments are classified as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised through the income statement.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

##### *Loans and borrowings and other payables:*

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

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

## **2.4 Summary of significant accounting policies (continued)**

### **i Financial instruments (continued)**

#### **iii) Financial liabilities (continued)**

##### ***Derivatives***

Derivatives are measured at fair value both initially and subsequent to initial recognition. All changes in fair value of non-designated derivatives are recognised in the income statement immediately. Changes in fair value of derivatives designated as hedges are initially recognised in other comprehensive income until maturity when any gain or loss is recognised in the income statement. Derivatives are presented as assets when the fair values are positive and as liabilities when the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

#### **iv) Fair values**

The Group measures financial instruments, such as, derivatives, and financial instruments classified as available-for-sale and at FVTPL at fair value at each reporting date.

Fair value is the price that would be required to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market accessible by the Group for the asset or liability or in the absence of a principal market, in the most advantageous market accessible by the Group for the asset or liability.

The fair values are quoted market prices where there is an active market or are based on valuation techniques when there is no active market or the instruments are unlisted. Valuation techniques include the use of recent arm's length market transactions, discounted cash flow analysis and other commonly used valuation techniques. An analysis of the fair values of financial instruments and further details as to how they are measured are provided below.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



**2.4 Summary of significant accounting policies (continued)****i Financial instruments (continued)****v) Hedge accounting**

The Group designates certain derivative financial instruments as cash flow hedges of certain forecast transactions. These transactions are highly probable to occur and present an exposure to variations in cash flows that could ultimately affect amounts determined in profit or loss.

The Group has elected to adopt the general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses forward foreign exchange contracts and commodity swap contracts to hedge the variability in cash flows arising from changes in foreign currency rates and oil prices. For foreign exchange contracts, the Group designates the fair value change of the full forward price as the hedging instrument in cash flow hedging relationships. For commodity hedging, the Group designates the fair value change of the benchmark price. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity. Any ineffective portion of the fair value gain or loss is recognised immediately within the income statement.

When a hedging instrument no longer meets the criteria for hedge accounting, through maturity, sale, other termination, or the revoking of the designated hedging relationship, hedge accounting is discontinued prospectively. If the hedged forecast transaction is still expected to occur, the associated cumulative gain or loss remains in the hedging reserve and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

**j Leases**

Leases under which substantially all of the risk and rewards of ownership are transferred to the Group are finance leases. All other leases are operating leases.

Assets held under finance leases are recognised at the lower of the fair value of the asset and the present value of the minimum lease payments within property, plant and equipment on the statement of financial position and depreciated over the shorter of the lease term or their expected useful lives. The interest element of finance lease payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

Operating lease rentals are charged to the income statement on a straight-line basis over the lease term.

**2.4 Summary of significant accounting policies (continued)****k Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**l Cash and short-term deposits**

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, short-term deposits as defined above and short-term highly liquid investments (including money market funds) with original maturities of three months or less which are subject to insignificant risk of change in value, net of outstanding bank overdrafts.

**m Inventories**

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

**n Share-based payments**

Saga plc, the parent company of the Saga group and an ultimate parent of the Company, provides benefits to employees of the Group and 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.

## **2.4 Summary of significant accounting policies (continued)**

### **o Share-based payments (continued)**

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 Group and Company records the cost of share options granted to employees 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.

### **p Provisions**

Provisions are recognised when the Group 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 Group 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.

### **q Pension benefits**

The Group makes contributions to the Saga Pension Scheme, a defined benefit pension scheme (the '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 Group is one of a number of Saga entities 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 Group accounts for its pension expense on a defined contribution basis. The costs of providing these benefits are charged to the income statement on a regular basis. Amounts charged to operating profit represent the contributions payable to the Scheme in the year.

## **2.4 Standards issued but not yet effective**

The following is a list of standards and amendments to standards that are in issue but are not effective or adopted as at 31 January 2019. Comment on these new standards or amendments are as follows:

### **i. IFRS 16 'Leases'**

The new accounting standard for leases, IFRS 16 'Leases', ensures that all lease contracts are now recognised on balance sheet and require the recognition of the present value of future lease payments as a liability and corresponding recognition of a right-of-use asset for many leases that were previously only ever recognised as an operating expense. IFRS 16 'Leases' will replace the existing standard, IAS 17.

The new standard is applicable for accounting periods commencing from 1 January 2019 and is required to be adopted by the Group from 1 February 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on the consolidated financial statements, as described below. IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17.

On initial application of IFRS 16, the Group will for all lease contracts:

- i. Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments
- ii. Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss
- iii. Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

The Group will recognise new assets and liabilities for its current operating leases of river cruise ships, leased properties, shipping telecommunications equipment and car leases. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities, instead of a periodic operating lease expense.

No significant impact is expected for the Group's finance leases, as currently defined by IAS 17.

The Group intends to apply the standard retrospectively to all accounting periods using the full retrospective approach (FRA). For all leases held at the date of transition (being 1 February 2019 for the Group) the recognition and measurement provisions of IFRS 16 will be applied in full, and hence comparative financial information will be restated, and an adjustment will be made to equity at the beginning of the earliest period presented.

**2.4 Standards issued but not yet effective (continued)**

**i. IFRS 16 'Leases' (continued)**

The estimated impact of adopting IFRS 16 on the financial statements for the year ended 31 January 2019 (had IFRS 16 been applied already) is summarised in the following table:

	2018 FRA £'000	2019 FRA £'000
Balance sheet impact		
Right-of-use asset	17,880	<b>22,222</b>
Lease liability	(19,601)	<b>(24,098)</b>
Net assets	(1,721)	<b>(1,876)</b>
Income statement impact		
Depreciation		<b>(9,621)</b>
Lease interest cost		<b>(385)</b>
Reverse operating lease expenses		<b>9,851</b>
<b>Loss before tax</b>		<b>(155)</b>

**ii. Amendments to References to the Conceptual Framework in IFRS Standards'**

Together with the revised Conceptual Framework published in March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards.

**iii. IFRIC 23 'Uncertainty over Income Tax Treatments'**

This interpretation of IAS 12 sets out how to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates where there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after 1 January 2019, with earlier application being permitted, although this is yet to be endorsed by the EU and will have no effect on the Group's financial statements.

**iv. Definition of a Business (Amendments to IFRS 3)**

The amendments in Definition of a Business clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and substantive process that together significantly contribute to the ability to create outputs. The definitions of a business and outputs are narrowed by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. The amendments are effective for annual periods beginning on or after 1 January 2020, although this is yet to be endorsed by the EU.

**v. Definition of Material (Amendments to IAS 1 and IAS 8)**

The amendments in Definition of Material clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards. The amendments are effective for annual periods beginning on or after 1 January 2020, although this is yet to be endorsed by the EU.

## 2.5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the Group to select accounting policies and make estimates and assumptions that affect items reported in the primary consolidated financial statements and notes to the consolidated financial statements.

The major areas of judgement used as part of accounting policy application are summarised below:

### Significant judgements

Acc. policy	Items involving judgement	Critical accounting judgement
2.4a	Revenue recognition – performance obligations	Identification of performance obligations within contracts with customers, and the subsequent allocation of the transaction price to each performance obligation.
2.4e	Intangible assets	Assessment of whether expenditure is eligible for capitalisation under IAS 38.
2.4g	Impairment testing of goodwill and other major classes of assets	The Group determines whether goodwill needs to be impaired on an annual basis, or more frequently as required.
2.4i	Financial instruments	In the year to 31 January 2019, management has exercised its judgement in relation to the impairment of each of the two cruise ships, the Saga Pearl II and the Saga Sapphire. Classification of financial instruments, including assessment of market observability of valuation inputs.

### Significant estimates

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and predictions of future events and actions. Actual results may therefore differ from those estimates.

**2.5 Significant accounting judgements, estimates and assumptions (continued)**

The table below sets out those items the Group considers susceptible to changes in critical estimates and assumptions together with the relevant accounting policy.

<b>Acc. polic y</b>	<b>Items involving estimation</b>	<b>Sources of estimation uncertainty</b>
2.4g	Goodwill impairment testing	The Group determines whether goodwill needs to be impaired on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs, discounted at a suitably risk-adjusted rate in order to calculate present value.
2.4e & 2.4h	Useful economic lives of intangible assets and PPE	The useful economic lives and residual values of intangible assets and property, plant and equipment are assessed upon the capitalisation of each asset and at each reporting date and are based upon the expected consumption of future economic benefits of the asset.
2.4g	Impairment of cruise ships	<p>Assets which are in the course of construction are not amortised and are assessed for impairment in line with the requirements of IAS 36.</p> <p>In the year to 31 January 2019, management have exercised its judgement in relation to the impairment of each of the two cruise ships, the Saga Pearl II and the Saga Sapphire. In light of the delivery of the Spirit of Discovery and the Spirit of Adventure in July 2019 and August 2020 respectively, management has obtained updated third party valuations of each of the existing cruise ships with a view to selling them once they are no longer in use.</p> <p>The valuations obtained were significantly below those obtained by management in the previous year and as such an impairment charge of £1.7m on the Saga Pearl II and £4.2m on the Saga Sapphire has been recognised, which includes £1.6m impairment of technical stocks in respect of the Saga Pearl II.</p>

## **ST&H LIMITED**

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

#### **3 Segmental information**

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments.

The segments primarily comprise of the operation and delivery of package tours and cruise holiday products. The Group owns and operates its own cruise ships and one hotel. All other holiday products are packaged together with third party supplied accommodation, flights and other transport arrangements.

Segment performance is primarily evaluated using the Group's key performance measure of Profit before tax excluding gains and losses on derivatives. Items not allocated to a segment relate to transactions that do not form part of the on-going segment performance. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to individual operating segments.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results includes transfers between business segments which are then eliminated on consolidation.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to segments as they are also managed on a group basis.



**ST&H LIMITED**
**Notes to the financial statements (continued)**
**3 Segmental information (continued)**

	<b>Tour Operating</b>	<b>Cruising</b>	<b>Sub- Total</b>	<b>Adjust's</b>	<b>Total</b>
<b>2019</b>	£'000	£'000	£'000	£'000	£'000
<b>Revenue</b>	<b>360,752</b>	<b>96,631</b>	<b>457,383</b>	<b>-</b>	<b>457,383</b>
Cost of sales	(290,601)	(73,529)	(364,130)	-	(364,130)
<b>Gross profit</b>	<b>70,151</b>	<b>23,102</b>	<b>93,253</b>	<b>-</b>	<b>93,253</b>
Administrative and selling expenses	(56,157)	(16,276)	(72,433)	(318)	(72,751)
Investment income	150	73	223	-	223
Finance costs	-	-	-	(59)	(59)
<b>Underlying profit before tax</b>	<b>14,144</b>	<b>6,899</b>	<b>21,043</b>	<b>(377)</b>	<b>20,666</b>
Net fair value gain on derivative financial instruments	668	316	984	-	984
Impairment of cruise ships	-	(5,918)	(5,918)	-	(5,918)
<b>Profit before tax</b>	<b>14,812</b>	<b>1,297</b>	<b>16,109</b>	<b>(377)</b>	<b>15,732</b>

The total revenue of £457,383,000 is generated solely in the UK.

	<b>Tour Operating</b>	<b>Cruising</b>	<b>Sub- Total</b>	<b>Adjust's</b>	<b>Total</b>
<b>2018 (restated)</b>	£'000	£'000	£'000	£'000	£'000
<b>Revenue</b>	<b>360,443</b>	<b>88,249</b>	<b>448,692</b>	<b>-</b>	<b>448,692</b>
Cost of sales	(290,625)	(65,263)	(355,888)	-	(355,888)
<b>Gross profit</b>	<b>69,818</b>	<b>22,986</b>	<b>92,804</b>	<b>-</b>	<b>92,804</b>
Administrative and selling expenses	(55,806)	(16,577)	(72,383)	(706)	(73,089)
Investment income	86	73	159	-	159
Finance costs	-	-	-	(296)	(296)
<b>Underlying profit before tax</b>	<b>14,098</b>	<b>6,482</b>	<b>20,580</b>	<b>(1,002)</b>	<b>19,578</b>
Net fair value loss on derivative financial instruments	(1,914)	1,299	(615)	-	(615)
<b>Profit before tax</b>	<b>12,184</b>	<b>7,781</b>	<b>19,965</b>	<b>(1,002)</b>	<b>18,963</b>

The total revenue of £448,692,000 is generated solely in the UK.

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**4 Administrative and selling expenses**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Staff costs (note 7)	24,132	24,738
Marketing and fulfilment costs	28,847	26,218
Lease rentals	203	195
Auditor's remuneration*	247	245
Other administrative costs	14,280	15,462
Depreciation	592	506
Loss/(profit) on disposal of property, plant and equipment	31	53
Amortisation of intangible assets (note 11)	4,303	5,112
Impairment of cruise ships	5,918	-
Non-trading items	116	560
	<u>78,669</u>	<u>73,089</u>

Any fees paid to the Group's auditor, KPMG LLP, for services other than the statutory audit of the Group are not disclosed in these financial statements since the consolidated financial statements of an ultimate parent undertaking, Saga plc, are required to disclose non-audit fees on a consolidated basis.

\* 2019 - £79,000 (2018 - £77,000) of this relates to the Company.

The Group has impaired the carrying value of the Saga Pearl II and the Saga Sapphire in line with third party valuations received (note 12).

*Non-trading expenses:*

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Restructuring costs	116	560
	<u>116</u>	<u>560</u>

**5 Finance costs**

	<b>2019</b>	2018 (restated)
	<b>£'000</b>	£'000
Net fair value loss on derivative financial instruments	-	1,977
Finance charges payable under finance leases and hire purchase contracts	59	68
Dividends paid to by subsidiaries to non-controlling interests	-	228
	<u>59</u>	<u>2,273</u>

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**6 Finance income**

	<b>2019</b>	2018 (restated)
	<b>£'000</b>	£'000
Net fair value gain on derivative financial instruments	984	1,362
	<u>984</u>	<u>1,362</u>

**7 Directors and employees**

Amounts charged to the income statement for the year are as follows:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Wages and salaries	27,842	27,500
Social security costs	2,391	2,656
Pension costs	1,164	1,727
Total staff costs	<u>31,397</u>	<u>31,883</u>

Staff costs have been allocated £7,265,000 (2018: £7,145,000) to Cost of Sales and £24,132,000 (2018: £24,738,000) to administration expenses.

<i>No of employees</i>	<b>2019</b>	2018
Sales & marketing	347	355
Operations	940	896
Administration and management	82	176
Total staff numbers	<u>1,369</u>	<u>1,427</u>

<i>Compensation of key management personnel of the Group</i>	<b>2019</b>	2018
Aggregate remuneration in respect of qualifying services	<u>354</u>	<u>685</u>

Number of directors who received shares under long term incentive schemes	<u>4</u>	<u>2</u>
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Members of defined benefit pension scheme	<u>2</u>	<u>4</u>
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**ST&H LIMITED****Notes to the financial statements (continued)****7 Directors and employees (continued)**

Among the Directors remunerated by the Company, the amounts paid in respect of the highest paid Director were as follows:-

	2019	2018
Aggregate remuneration in respect of qualifying services	<u>187</u>	<u>431</u>
Defined benefit pension scheme:		
Accrued pension at end of year	<u>-</u>	<u>39</u>

**8 Pension benefits**

The Company is a member of the Saga Pension 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 accounts for its pension expense on a defined contribution basis. The IAS 19 deficit (gross of deferred taxation) of the Scheme at 31 January 2019 was £2.8 million (2018 - £7.0 million).

Further details of the Scheme can be found in the financial statements of the ultimate parent company, Saga plc.

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**9 Tax**

The major components of the income tax expense are:

	<b>2019</b>	2018 (restated)
	<b>£'000</b>	£'000
<b>Consolidated income statement</b>		
<b>Current income tax</b>		
Current income tax charge	5,882	4,426
Adjustments in respect of previous years	148	644
	<u>6,030</u>	<u>5,070</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(2,587)	(832)
Adjustments in respect of previous years	(290)	(427)
IFRS 15 and IFRS 9 transition adjustments	-	313
<b>Tax expense in the income statement</b>	<u>3,153</u>	<u>4,124</u>

Reconciliation of tax expense to profit before tax multiplied by the UK corporation tax rate:

	<b>2019</b>	2018 (restated)
	<b>£'000</b>	£'000
Profit before tax	<u>15,732</u>	<u>18,963</u>
Tax at rate of 19.00% (2018: 19.17%)	2,989	3,636
Adjustments in respect of previous years	(142)	217
Rate change adjustment on temporary differences	305	125
Other non-deductible expenses / non-taxed income	1	146
<b>Tax expense in the income statement</b>	<u>3,153</u>	<u>4,124</u>

**ST&H LIMITED****Notes to the financial statements (continued)****9 Tax (continued)****Deferred tax**

	<b>Consolidated statement of financial position</b>		<b>Consolidated income statement</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Excess of depreciation over capital allowances	3,497	1,301	1,924	935
Intangibles	(1,226)	(1,546)	320	405
Short-term temporary differences	(2,822)	(3,604)	361	(394)
Losses available for offsetting against future taxable income	24	24	-	-
<b>Deferred tax credit/(debit)</b>			<u>2,605</u>	<u>946</u>
<b>Net deferred tax liabilities</b>	<u>(527)</u>	<u>(3,825)</u>		

Reflected in the statement of financial position as follows:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Deferred tax assets	3,521	3,225
Deferred tax liabilities	<u>(4,048)</u>	<u>(7,050)</u>
<b>Net deferred tax liabilities</b>	<u>(527)</u>	<u>(3,825)</u>

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**9 Tax (continued)**

**Reconciliation of net deferred tax assets / (liabilities)**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
<b>At 1 February</b>	(3,825)	(8,868)
Tax credit recognised in the income statement	2,877	946
Tax credit/(charge) recognised in OCI	421	4,097
<b>At 31 January</b>	<u>(527)</u>	<u>(3,825)</u>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

A reduction in the UK Corporation Tax rate from 21% to 20% took effect on 1 April 2015, and further reductions were enacted in the Finance Act 2015 to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020.

On 16 March 2016 the Chancellor presented the 2016 budget in which he announced a further reduction in the future corporation tax rate. Instead of the UK corporation tax rate reducing from 19% to 18%, on 1 April 2020, the rate will now fall to 17%. As the new rate of 17% has been enacted at the balance sheet, the closing deferred tax balances have been reflected at 17%

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**10 Goodwill**

	Group £'000	Company £'000
<b>Cost</b>		
At 1 February 2017	30,939	18,155
Additions through business combinations	-	-
<b>At 31 January 2018</b>	<b>30,939</b>	<b>18,155</b>
Fair value adjustment	-	-
<b>At 31 January 2019</b>	<b>30,939</b>	<b>18,155</b>
 <b>Impairment</b>		
At 1 February 2017	-	-
Impairment	-	-
<b>At 31 January 2018</b>	<b>-</b>	<b>-</b>
Impairment	-	-
<b>At 31 January 2019</b>	<b>-</b>	<b>-</b>
 <b>Net book value</b>		
<b>At 31 January 2019</b>	<b>30,939</b>	<b>18,155</b>
 At 31 January 2018	<b>30,939</b>	<b>18,155</b>



**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**11 Intangible fixed assets**

<b>Group</b>	<b>Brands</b>	<b>Customer Relationships</b>	<b>Software</b>	<b>Total</b>
<b>Cost</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 February 2017	12,748	7,379	28,944	49,071
Additions	-	-	4,094	4,094
<b>At 31 January 2018</b>	<b>12,748</b>	<b>7,379</b>	<b>33,038</b>	<b>53,165</b>
Additions	-	-	4,570	4,570
Disposals	-	-	(416)	(416)
<b>At 31 January 2019</b>	<b>12,748</b>	<b>7,379</b>	<b>37,192</b>	<b>57,319</b>
<b>Amortisation and impairment</b>				
At 1 February 2017	3,187	5,465	22,639	31,291
Amortisation	1,275	1,105	3,049	5,429
<b>At 31 January 2018</b>	<b>4,462</b>	<b>6,570</b>	<b>25,688</b>	<b>36,720</b>
Amortisation	1,275	611	2,786	4,672
Disposals	-	-	(382)	(382)
<b>At 31 January 2019</b>	<b>5,737</b>	<b>7,181</b>	<b>28,092</b>	<b>41,010</b>
<b>Net book value</b>				
<b>At 31 January 2019</b>	<b>7,011</b>	<b>198</b>	<b>9,100</b>	<b>16,309</b>
At 31 January 2018	8,286	809	7,350	16,445
<b>Company</b>			<b>Software</b>	<b>Total</b>
<b>Cost</b>			<b>£'000</b>	<b>£'000</b>
At 1 February 2017			26,629	26,629
Additions			3,357	3,357
<b>At 31 January 2018</b>			<b>29,986</b>	<b>29,986</b>
Additions			3,892	3,858
Disposals			(416)	(382)
<b>At 31 January 2019</b>			<b>33,462</b>	<b>33,462</b>
<b>Amortisation and impairment</b>				
At 1 February 2017			21,915	21,915
Amortisation			2,662	2,662
<b>At 31 January 2018</b>			<b>24,577</b>	<b>24,577</b>
Amortisation			2,269	2,269
Disposals			(382)	(382)
<b>At 31 January 2019</b>			<b>26,464</b>	<b>26,464</b>
<b>Net book value</b>				
<b>At 31 January 2019</b>			<b>6,998</b>	<b>6,998</b>
At 31 January 2018			5,409	5,409

## **12 Impairment of intangible assets**

### **a Goodwill**

Goodwill acquired through business combinations has been allocated to cash-generating units ("CGUs") on initial recognition and subsequently for impairment testing. The carrying value of goodwill by CGU is as follows:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Titan Travel	18,492	18,492
Destinology	12,447	12,447
	<u>30,939</u>	<u>30,939</u>

The Group has tested the goodwill for impairment at 31 January 2019. The impairment test compares the recoverable amount of the goodwill of each CGU to its carrying value.

The recoverable amount of each CGU has been determined based on a value-in-use calculation using cash flow projections from the Group's five year plan to 2023/24. Terminal values have been included using 2.25% as the expected long term average growth rate of the UK economy, and calculated using the Gordon growth model.

The pre-tax cash flows of each CGU have been discounted considering the weighted average cost of capital. For the Titan Travel and Destinology CGUs, it has been assessed to be 11.8% and 12.2% respectively (2018: 10.1%). The methodology used to derive the discount rates has been further refined to reflect CGU-specific size premiums and more extensive industry benchmarking.

The value-in-use calculation is most sensitive to the assumptions used for forecast cash flows, the long-term growth rate and the discount rate selected. Accordingly, stress testing has been performed on these key assumptions as part of the impairment test to determine whether any reasonably foreseeable change in any of the key assumptions would cause the recoverable amount of the CGU to be lower than its carrying amount.

The resultant headroom for each of the CGUs against the brought forward carrying value is as follows:

	<b>Headroom</b> <b>£'m</b>
Titan Travel	374.0
Destinology	10.5

In addition to the base case, five stress case scenarios were considered recalculating the terminal values using nil growth, increasing the relevant pre-tax discount rate by 3%, reducing cash flows to 90%, reducing Destinology cash flows to 50% and a Brexit scenario.

**ST&H LIMITED****Notes to the financial statements (continued)****12 Impairment of intangible assets (continued)****a Goodwill (continued)**

The headroom calculated is most sensitive to the discount rate and terminal growth rate assumed. A quantitative sensitivity analysis for each of these as at 31 January 2019 and its impact on the headroom against brought forward goodwill carrying values is as follows:

	Pre-tax discount rate		Terminal growth rate	
	+1.0ppt £'m	-1.0ppt £'m	+1.0ppt £'m	-1.0ppt £'m
Titan Travel	(93.8)	116.7	89.2	(72.3)
Destinology	(2.9)	3.6	2.6	(2.1)

**b Other intangible assets**

Separately-identifiable intangible assets are valued and their appropriate useful lives established at the time of acquisition. The carrying values of these assets and their remaining useful lives are reviewed annually for indicators of impairment.

The Group has performed a review for indicators of impairment at 31 January 2019 and concluded that no indicators exist.

**ST&H LIMITED**
**Notes to the financial statements (continued)**
**13 Property, plant and equipment**
**Group**

	Freehold Land & Buildings	Cruise Ships	Assets in the course of construction	Plant & equipment	Total
<b>Cost or valuation</b>	£'000	£'000	£'000	£'000	£'000
At 1 February 2017	4,881	114,110	15,110	11,260	145,361
Additions	-	7,262	44,288	2,245	53,795
Disposals	-	-	-	(1,262)	(1,262)
<b>At 31 January 2018</b>	<b>4,881</b>	<b>121,372</b>	<b>59,398</b>	<b>12,243</b>	<b>197,894</b>
Additions	-	-	37,577	740	38,317
Disposals	-	-	-	(250)	(250)
<b>At 31 January 2019</b>	<b>4,881</b>	<b>121,372</b>	<b>96,975</b>	<b>12,733</b>	<b>235,961</b>
<b>Depreciation and impairment</b>					
At 1 February 2017	757	63,583	-	7,679	72,019
Provided during the year	98	12,365	-	1,438	13,901
Disposals	-	-	-	(808)	(808)
<b>At 31 January 2018</b>	<b>855</b>	<b>75,948</b>	<b>-</b>	<b>8,309</b>	<b>85,112</b>
Provided during the year	98	13,678	-	1,469	15,245
Impairment of assets	-	5,918	-	-	5,918
Disposals	-	-	-	(165)	(165)
<b>At 31 January 2019</b>	<b>953</b>	<b>95,544</b>	<b>-</b>	<b>9,613</b>	<b>106,110</b>
<b>Net book value</b>					
<b>At 31 January 2019</b>	<b>3,928</b>	<b>25,828</b>	<b>96,975</b>	<b>3,120</b>	<b>129,851</b>
At 31 January 2018	4,026	45,424	59,398	3,934	112,782

The net book value of Plant and equipment includes £1,672,000 (2018: £2,719,000) in respect of plant & equipment held under finance lease agreements. The accumulated depreciation on these assets is £1,695,000 (2018: £934,000).

**ST&H LIMITED****Notes to the financial statements (continued)****13 Property, plant and equipment (continued)****Company**

	Freehold Land & Buildings £'000	Plant & equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 February 2017	4,881	6,323	11,204
Additions	-	382	382
<b>At 31 January 2018</b>	4,881	6,705	11,586
Additions	-	47	47
<b>At 31 January 2019</b>	4,881	6,752	11,633
<b>Depreciation and impairment</b>			
At 1 February 2017	757	5,373	6,130
Provided during the year	98	497	595
<b>At 31 January 2018</b>	855	5,870	6,725
Provided during the year	98	455	553
<b>At 31 January 2019</b>	953	6,325	7,278
<b>Net book value</b>			
<b>At 31 January 2019</b>	3,928	427	4,355
At 31 January 2018	4,026	835	4,861

The net book value of Plant and equipment includes £nil (2018: £nil) in respect of plant & equipment held under finance lease agreements. The accumulated depreciation on these assets is £nil (2018: £nil).

**ST&H LIMITED**
**Notes to the financial statements (continued)**
**14 Financial assets and financial liabilities**
**a Financial assets**

<b>Group</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>(restated)</b>
		<b>£'000</b>
<b>Fair value through profit or loss</b>		
Foreign exchange forward contracts	387	122
Fuel oil swaps	556	1,842
	<u>943</u>	<u>1,964</u>
<b>Fair value through profit or loss designated in a hedging relationship</b>		
Foreign exchange forward contracts	31,248	35,236
Fuel oil swaps	1,194	1,283
	<u>32,442</u>	<u>36,519</u>
<b>Total financial assets</b>	<u><b>33,385</b></u>	<u><b>38,483</b></u>
Current	32,742	5,963
Non-current	643	32,520
	<u><b>33,385</b></u>	<u><b>38,483</b></u>
<b>Company</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>(restated)</b>
		<b>£'000</b>
<b>Fair value through profit or loss</b>		
Foreign exchange forward contracts	376	128
<b>Fair value through other comprehensive income</b>		
Foreign exchange forward contracts	37,565	35,230
<b>Total financial assets</b>	<u><b>37,941</b></u>	<u><b>35,358</b></u>
Current	37,444	3,676
Non-current	497	31,682
	<u><b>37,941</b></u>	<u><b>35,358</b></u>

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**14 Financial assets and financial liabilities (continued)**

**b Financial liabilities**

<b>Group</b>	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>(restated)</b> <b>£'000</b>
<b>Fair value through profit or loss</b>		
<i>Derivative liabilities not designated as hedges</i>		
Foreign exchange forward contracts	539	943
Fuel oil swaps	78	83
	<b>617</b>	<b>1,026</b>
<b>Fair value through other comprehensive income</b>		
<i>Derivative liabilities designated as hedges</i>		
Foreign exchange forward contracts	10,072	11,309
Fuel oil swaps	1,368	215
	<b>11,440</b>	<b>11,524</b>
<b>Loans and borrowings</b>		
Obligations under finance leases & hire purchase	1,554	2,142
Bank overdrafts	30	13
Amounts owed to related undertaking	20,015	10,920
	<b>21,599</b>	<b>13,075</b>
<b>Total financial liabilities</b>	<b>33,656</b>	<b>25,625</b>
Current	25,136	18,420
Non-current	8,520	7,205
	<b>33,656</b>	<b>25,625</b>

**ST&H LIMITED****Notes to the financial statements (continued)****14 Financial assets and financial liabilities (continued)****b Financial liabilities (continued)**

<b>Company</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>(restated)</b>
		<b>£'000</b>
<b>Fair value through profit or loss</b>		
<i>Derivative liabilities not designated as hedges</i>		
Foreign exchange forward contracts	349	467
	<b>349</b>	<b>467</b>
<b>Fair value through other comprehensive income</b>		
<i>Derivative liabilities designated as hedges</i>		
Foreign exchange forward contracts	16,386	11,335
Intercompany derivatives	21,206	27,533
	<b>37,592</b>	<b>38,868</b>
<b>Loans and borrowings</b>		
Bank overdraft	29	13
Amounts owed to related undertakings	84,089	59,840
	<b>84,118</b>	<b>59,853</b>
<b>Total financial liabilities</b>	<b>122,059</b>	<b>99,188</b>
Current	115,155	93,616
Non-current	6,904	5,572
	<b>122,059</b>	<b>99,188</b>



**14 Financial assets and financial liabilities (continued)**

**c Fair Values**

Financial instruments held at fair value are valued using quoted market prices or other valuation techniques.

Valuation techniques include net present value and discounted cash flow models, and comparison to similar instruments for which market observable prices exist. Assumptions and market observable inputs used in valuation techniques include foreign currency exchange rates and future oil prices.

The objective of using valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date which would have been determined by market participants acting at arm's length.

Observable prices are those that have been seen either from counterparties or from market pricing sources including Bloomberg. The use of these depends upon the liquidity of the relevant market.

The fair value and carrying value of financial assets and financial liabilities are materially same. Financial instruments held at fair value have been categorised into a fair value measurement hierarchy as follows:

**i. Level 1**

These are valuation techniques that are based entirely on quoted market prices in an actively traded market and are the most reliable. All money market funds and debt securities are categorised as Level 1 as the fair value is obtained directly from the quoted market price.

**ii. Level 2**

These are valuation techniques for which all significant inputs are taken from observable market data. These include valuation models used to calculate the present value of expected future cash flows and may be employed either when no active market exists or when there are quoted prices available for similar instruments in active markets. The models incorporate various inputs including the credit quality of counter-parties, interest rate curves and forward rate curves of the underlying instrument.

All the derivative financial instruments are categorised as Level 2 as the fair values are obtained from the counterparty, brokers or valued using observable inputs. Where material, CVA / DVA risk adjustment is factored into the fair values of these instruments. As at 31 January 2019, the marked-to-market values of derivative assets are net of a credit valuation adjustment attributable to derivative counter-party default risk.

The fair values are periodically reviewed by the treasury committee.

**iii. Level 3**

These are valuation techniques for which any one or more significant inputs are not based on observable market data. There are no level 3 instruments in the Group as at 31 January 2019 or 31 January 2018.

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**14 Financial assets and financial liabilities (continued)**

**c Fair Values (continued)**

The following tables provide the quantitative fair value hierarchy of the Group's financial assets and financial liabilities:

**At 31 January 2019:**

	Fair value measurement using			
	Quoted prices in active markets (Level 1) £'000	Significant observable inputs (Level 2) £'000	Significant unobserva ble inputs (Level 3) £'000	Total £'000
<b>Financial assets measured at fair value</b>				
Foreign exchange forward contract	-	31,635	-	31,635
Fuel oil swaps	-	1,750	-	1,750
<b>Financial liabilities measured at fair value</b>				
<i>Derivative financial liabilities</i>				
Foreign exchange forward contracts	-	10,611	-	10,611
Fuel oil swaps	-	1,446	-	1,446
<b>Liabilities for which fair values are disclosed</b>				
Finance leases and hire purchase obligations	-	1,554	-	1,554
Bank overdrafts	-	30	-	30
Amounts owed to related undertakings	-	20,015	-	20,015

There have been no transfers between Level 1 and Level 2 and no non-recurring fair value measurements of assets and liabilities during the year.

Foreign exchange forwards are valued using current spot and forwards rates discounted to present value. They are also adjusted for counterparty credit risk using CDS curves. Fuel oil swaps are valued with reference to the valuations provided by third parties, which use current Platts index rates, discounted to present value.

**ST&H LIMITED****Notes to the financial statements (continued)****14 Financial assets and financial liabilities (continued)****c Fair Values (continued)****At 31 January 2018 (restated):**

There were no transfers between Level 1 and Level 2 and no non-recurring fair value measurements of assets and liabilities during the year ended 31 January 2018.

	Fair value measurement using			
	Quoted prices in active markets (Level 1) £'000	Significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
<b>Financial assets measured at fair value</b>				
Foreign exchange forward contract	-	35,358	-	35,358
Fuel oil swaps	-	3,125	-	3,125
<b>Financial liabilities measured at fair value</b>				
<i>Derivative financial liabilities</i>				
Foreign exchange forward contracts	-	12,252	-	12,252
Fuel oil swaps	-	298	-	298
<b>Liabilities for which fair values are disclosed</b>				
Finance leases and hire purchase obligations		2,142		2,142
Bank overdrafts	-	13	-	13
Amounts owed to related undertakings	-	10,920	-	10,920

## 14 Financial assets and financial liabilities (continued)

## d Cash flow hedges

**Forward currency risk**

During the year ended 31 January 2019, the Group designated 675 foreign exchange forward currency contracts as hedges of highly probable foreign currency cash expenses in future periods. These contracts are entered into to minimise the Group's exposure to foreign exchange risk.

The table below summarises the foreign currency cash flow hedging instruments in place as at 31 January 2019:

	Designated in year ended 31 Jan 2019		At 31 Jan 2019		At 31 Jan 2018	
	Volume	Fair Value £'m	Volume	Fair Value £'m	Volume	Fair Value £'m
<b>Foreign Currency Cash Flow Hedging Instruments</b>						
Euro (EUR)	218	(2.1)	251	18.0	188	28.6
US Dollar (USD)	179	1.3	230	2.5	181	(4.3)
Other currencies	278	0.5	341	0.7	330	(0.6)
<b>Total</b>	<b>675</b>	<b>(0.3)</b>	<b>822</b>	<b>21.2</b>	<b>699</b>	<b>23.7</b>

Hedging instruments for other currencies are in respect of Australian dollars, Canadian dollars, Swiss francs, Japanese yen, New Zealand dollars, Norwegian krone, Swedish krona, Thai baht and South African rand.

**Commodity price risk**

The Group uses derivative financial instruments to mitigate the risk of adverse changes in the price of fuel. The Group enters into fixed price contracts (swaps) in the management of its fuel price exposures. All fuel hedges are designated as cash flow hedges. Hedging the price volatility of forecast fuel purchases is in accordance with the risk management strategy outlined by the Board of Directors.

The table below summarises the commodity cash flow hedging instruments in place as at 31 January 2019:

	Designated in year ended 31 Jan 2019		At 31 Jan 2019		At 31 Jan 2018	
	Volume	Fair value £'m	Volume	Fair value £'m	Volume	Fair value £'m
<b>Commodity Cash Flow Hedging Instruments</b>	<b>44</b>	<b>(1.1)</b>	<b>170</b>	<b>0.2</b>	<b>123</b>	<b>3.9</b>

**14 Financial assets and financial liabilities (continued)****d Cash flow hedges (continued)**

The table below summarises the present value of the highly probable forecast cash flows that have been designated in a hedging relationship as at 31 January 2019. These cash flows are expected to become determined in profit or loss in the same period in which the cash flows occur.

<b>Determination period</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>	<b>Currency hedges</b>	<b>Fuel hedges</b>	<b>Total</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
1 Feb 19 – 31 Jul 19	316.9	17.2	11.4	345.5	0.6	346.1
1 Aug 19 – 31 Jan 20	30.4	15.6	4.1	50.1	0.5	50.6
1 Feb 20 – 31 Jul 20	19.3	12.0	1.9	33.2	(0.3)	32.9
1 Aug 20 – 31 Jan 21	234.6	7.5	0.1	242.2	(0.4)	241.8
1 Feb 21 – 31 Jul 21	-	1.5	-	1.5	(0.2)	1.3
1 Aug 21 – 31 Jan 22	-	1.0	-	1.0	(0.1)	0.9
<b>Total</b>	<b>601.2</b>	<b>54.8</b>	<b>17.5</b>	<b>673.5</b>	<b>0.1</b>	<b>673.6</b>

The foreign currency hedge which will be determined in July 2019 of £252.3m and August 2020 of £233.3m relates to the delivery of the ships.

During the year, the Group recognised net gains of £5.3m (2018: £2.8m) on cash flow hedging instruments through other comprehensive income into the hedging reserve. Additionally, the Group recognised net losses of £6.3m (2018: £1.1m) through other comprehensive income into the hedging reserve, in relation to the specific hedging instrument for the acquisition of two new ships. The overall net losses of £1.0m (2018: £3.9m loss) are offset by a net £1.5m gain (2018: £0.3m gain) on forecast transactions recognised in the financial statements. The Group has not recognised any amount through the income statement in respect of the ineffective portion of hedges measured during the year (2018: £0.2m loss).

There has been no de-designation of hedges during the year ended 31 January 2019 as a result of cash flow forecast that are no longer expected to occur, or as a result of failed ineffectiveness testing. During the year, the Group recognised a £2.9m gain (2018: £18.8m gain) through the income statement in respect of matured hedges, which has been recycled from other comprehensive income. No amounts have been removed from the hedging reserve to be included in the carrying value of non-financial assets and liabilities.

## **15 Financial risk management objectives and policies**

The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group also enters into derivative transactions such as foreign exchange forward contracts, fuel and gas oil swaps and interest rate swaps to manage its exposures to various risks.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks, supported by the Group Treasury function and treasury committees within the key areas of the Group that advise on financial risks and the appropriate financial risk governance framework for the Group. The treasury committees ensure that the Group's financial risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities are for risk management purposes and are carried out by the Group's Treasury function. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Group manages concentration risk through a policy of diversification that is outlined in the Group Treasury Policy and approved by the Board. The policy defines the exposure limit to third party institutions based on the credit ratings of the individual counterparties, combined with the views of the Board. On a monthly basis, exposure to each counterparty is calculated and reported, and compliance with the policy is monitored.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### **a Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to the following market risk factors:

- foreign currency risk;
- commodity price risk; and

The Group has policies and limits approved by the Board for managing the market risk exposure. These set out the principles that the business should adhere to for managing market risk and establishing the maximum limits the Group is willing to accept considering strategy, risk appetite and capital resources.

The Group has the ability to monitor market risk exposure on a daily basis and has established limits for each component of market risk.

The Group uses derivatives for hedging its exposure to foreign currency, fuel oil prices and interest rate risks. The market risk policy explicitly prohibits the use of derivatives for speculative purposes.

## 15 Financial risk management objectives and policies (continued)

## a Market risk (continued)

## i. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial asset or liability will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

The Group uses foreign exchange forward contracts to manage the majority of its transaction exposures. The foreign exchange forward contracts are not formally designated as hedging instruments and are entered into for periods consistent with the foreign currency exposure of the underlying transactions, generally from one to 24 months. The foreign exchange forward contracts vary with the level of expected foreign currency sales and purchases.

The following table demonstrates the sensitivity of the fair value of forward exchange contracts to a 5% change in US Dollar and Euro exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. The impact is shown net of tax at the current rate.

	Sensitivity of + / - 5% rate change in	Effect on the fair value of forward exchange contracts	Effect on profit after tax and equity
2019	EUR	+ / - £29.6m	+ / - £0.6m
	USD	+ / - £4.0m	+ / - £0.6m
2018	EUR	+ / - £22.3m	+ / - £0.7m
	USD	+ / - £2.3m	+ / - £0.4m

## ii. Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of fuel and gas oil to sail its cruise ships and therefore requires a continuous supply of fuel and gas oil. The volatility in the price of fuel and gas oil has led to the decision to enter into commodity fuel and gas oil swap contracts. These contracts are expected to reduce the volatility attributable to price fluctuations of fuel and gas oil. Managing the price volatility of forecast oil purchases is in accordance with the risk management strategy outlined by the Board of Directors.

The Group manages the purchase price using forward commodity purchase contracts based on a maximum 24-month forecast of the required fuel oil supply.

The following table shows the sensitivity of the fair value of fuel oil swaps to changes in the US Dollar exchange rate with all other variables held constant. The impact is shown net of tax at the current rate.

	Sensitivity of + / - 5% rate change in	Effect on profit after tax and equity
2019	USD	+ / - £0.1m
2018	USD	+ / - £0.1m

**15 Financial risk management objectives and policies (continued)****b Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk in relation to its financial assets, outstanding derivatives and trade and other receivables. The Group assesses its counterparty exposure in relation to the investment of surplus cash, fuel oil and foreign currency contracts, and undrawn credit facilities. The Group primarily uses published credit ratings to assess counterparty strength and therefore to define the credit limit for each counterparty in accordance with approved treasury policies.

The credit risk in respect of trade and other receivables is limited as payment from customers is generally required before services are provided. At 31 January 2019, the maximum exposure to credit risk for trade and other receivables was £2.3m (2018: £4.0m).

Amounts past due but not impaired amounted to £1.1m (2018: £0.8m).

Credit risk in relation to deposits and derivative counterparties is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counter-parties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on a regular basis and updated throughout the year subject to approval of the Group Board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through any potential counter-party failure.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 January 2019 and 31 January 2018 is the carrying amount except for derivative financial instruments. The Group's maximum exposure for financial guarantees and financial derivative instruments is noted under liquidity risk. None of the financial assets were impaired at the reporting date.

**Ratings analysis**

<b>31 January 2019</b> £'000	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>&lt;A</b>	<b>Unrated</b>	<b>Total</b>
Derivative assets	-	-	32,619	766	-	33,385
<b>Total</b>	-	-	32,619	766	-	33,385
<b>31 January 2018</b> <b>(restated)</b> £'000	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>&lt;A</b>	<b>Unrated</b>	<b>Total</b>
Derivative assets	-	-	37,883	600	-	38,483
<b>Total</b>	-	-	37,883	600	-	38,483



**15 Financial risk management objectives and policies (continued)**

**c Liquidity risk**

Liquidity risk is the risk that the group, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. The group's approach to managing liquidity risk is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and headroom on its revolving credit facility.

The table below analyses the maturity of the group's financial liabilities on contractual undiscounted payments. The analysis of non-derivative financial liabilities is based on the remaining period at the reporting date to the contractual maturity date. The analysis of claims outstanding is based on the expected dates on which the claims will be settled.

<b>31 January 2019</b> <b>£'000</b>	<b>On demand</b>	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Loans and borrowings	30	21,106	463	-	-	21,599
Other financial liabilities	-	111,891	39,435	-	-	151,326
Trade and other payables	-	36,472	-	-	-	36,472
Derivative liabilities		3,157	8,800	100		12,057
	<u>30</u>	<u>172,626</u>	<u>48,698</u>	<u>100</u>	<u>-</u>	<u>221,454</u>
<b>31 January 2018 (restated) £'000</b>	<b>On demand</b>	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Loans and borrowings	13	11,726	1,336	-	-	13,075
Other liabilities	19,617	120,342	-	-	-	139,959
Trade and other payables	-	34,866	-	-	-	34,866
Derivative liabilities	-	3,650	4,900	4,000	-	12,550
	<u>19,630</u>	<u>170,584</u>	<u>6,236</u>	<u>4,000</u>	<u>-</u>	<u>200,450</u>

**15 Financial risk management objectives and policies (continued)**

**d Operational risk**

Effective operational risk management requires the Group to identify, assess, manage, monitor, report and mitigate all areas of exposure.

All of the Group's operations are dependent on the proper functioning of its IT and communication systems; on its properties and other infrastructure assets; on the need to adequately maintain and protect customer and employee data and other information; and on the ability of the Group to attract and retain staff.

The Group operates two cruise ships which are the Group's largest trading assets. Risk to the operation of these cruise ships arises from the impact of mechanical or other malfunction, non-compliance with regulatory requirements, and from global weather and socio-economic events. The tour holidays operated by the Group are also affected by global weather and socio-economic events which impact either the Group directly or its suppliers.

**16 Inventories**

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Fuel and oil	617	760	-	-
Technical stocks	3,392	3,310	-	-
Passenger and crew food stocks	553	1,008	-	-
Bar and other sundry stocks	612	349	7	10
	<u>5,174</u>	<u>5,427</u>	<u>7</u>	<u>10</u>

**ST&H LIMITED**
**Notes to the financial statements (continued)**
**17 Trade and other receivables**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>(restated)</b>	<b>£'000</b>	<b>(restated)</b>
Trade receivables	2,265	3,905	855	1,727
Other receivables	8,367	2,855	5,323	882
Amounts owed by fellow group undertakings	-	-	150,198	107,509
Prepayments	31,288	24,266	13,130	9,587
	<u>41,920</u>	<u>31,026</u>	<u>169,506</u>	<u>119,705</u>

The ageing of trade receivables is as follows:

			<b>Past due but not impaired</b>				
	<b>Total</b>	<b>Neither past due nor impaired</b>	<b>&lt; 30 days</b>	<b>30 - 60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>&gt; 120 days</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2019</b>	2,265	1,208	137	83	66	103	668
<b>2018</b>	3,905	3,118	147	53	51	74	462

As at 31 January 2019, impairment provisions totalling £167,000 (2018: £76,000) were made against trade receivables with an initial value of £2,432,000 (2018: £3,981,000). The movements in the provision for impairment of receivables are as follows:

	<b>Individually impaired</b>	<b>Collectively impaired</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 February 2017	43	22	65
Charge for the year	45	-	45
Utilised in the year	(21)	-	(21)
Unused amounts reversed	(13)	-	(13)
<b>At 31 January 2018</b>	<u>54</u>	<u>22</u>	<u>76</u>
Charge for the year	92	-	92
Utilised in the year	(1)	-	(1)
Unused amounts reversed	-	-	-
<b>At 31 January 2019</b>	<u>145</u>	<u>22</u>	<u>167</u>

See note 15 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

**ST&H LIMITED****Notes to the financial statements (continued)****18 Cash and cash equivalents**

	<b>Group</b>	<b>Group</b>	<b>Compan</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>y</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	44,912	20,151	33,421	11,997
Short term deposits	24,125	42,945	24,125	42,945
<b>Cash and short term deposits</b>	<b>69,037</b>	<b>63,096</b>	<b>57,546</b>	<b>54,942</b>
Bank overdraft	(30)	(13)		
<b>Cash and cash equivalents in the cash flow statement</b>	<b>69,007</b>	<b>63,083</b>		

There are no deposits that have maturity dates in excess of one year. The Group's, and Company's, Cash at bank and in hand is subject to contractual or regulatory restrictions. The Group, and Company, considers that these monies are not readily available to be used for other purposes within the Group.

**19 Trade and other payables**

	<b>Group</b>	<b>Group</b>	<b>Compan</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>y</b>	<b>2018</b>
	<b>£'000</b>	<b>(restated)</b>	<b>£'000</b>	<b>£'000</b>
Trade payables	25,551	24,438	18,009	17,087
Other taxes and social security costs	7	912	-	-
Other payables	787	586	708	456
Accruals	10,127	8,930	8,114	7,303
	<b>36,472</b>	<b>34,866</b>	<b>26,831</b>	<b>24,846</b>

All trade and other payables are current in nature.

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**20 Other liabilities**

	<b>Group</b>	<b>Group</b>	<b>Compan</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>y</b>	<b>2018</b>
	<b>(restated)</b>	<b>(restated)</b>	<b>2019</b>	<b>(restated)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Advance receipts	121,740	114,903	73,553	66,831
Deferred revenue	3,469	5,439	2,357	916
Other liabilities	26,117	19,617	26,117	19,617
	<u>151,326</u>	<u>139,959</u>	<u>102,027</u>	<u>87,364</u>
Current	111,891	124,728	69,514	79,841
Non-current	39,435	15,231	32,513	7,523
	<u>151,326</u>	<u>139,959</u>	<u>102,027</u>	<u>87,364</u>

Advance receipts comprise amounts received for holidays and cruises with departure dates after the reporting date.

Other liabilities include a loan owed to another Company within the Saga plc Group which is subordinated to the CAA and cannot be withdrawn without the CAA's prior written consent.

**21 Called up share capital**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Allotted, called up and fully paid</b>		
At 1 February and at 31 January (Ordinary share of £1 each)	<u>54,088</u>	<u>54,088</u>

All shares are unrestricted and carry equal voting rights.

**22 Commitments and contingencies****a Operating lease commitments — Group as lessee**

The Group has entered into commercial leases on certain land and buildings and plant and machinery. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 January are as follows:

	Land and Buildings		Plant and Machinery	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	128	121	23,868	20,428
Between one and five years	433	51	13,637	4,193
After five years	-	-	900	1,000
	<u>561</u>	<u>172</u>	<u>38,405</u>	<u>25,621</u>

**b Finance lease and hire purchase commitments**

The Group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have terms of renewal and no purchase options. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases and hire purchase contracts together with the present values of the net minimum lease payments are as follows:

	2019	2018
	£'000	£'000
Within one year	1,119	859
Between one and five years	<u>702</u>	<u>1,576</u>
Total minimum lease payments	1,821	2,435
Less amounts representing finance charge	<u>(267)</u>	<u>(293)</u>
Present value of minimum lease payments	<u>1,554</u>	<u>2,142</u>

**22 Commitments and contingencies (continued)****c Commitments**

On 21 December 2015, the Group contracted with Meyer Werft GmbH & Co. KG to purchase Spirit of Discovery for delivery in July 2019, with an option to purchase a second similar cruise ship for delivery in 2021. On 24 April 2017, the Group signed an agreement with the shipyard to bring forward the delivery date by one month to June 2019.

On 20 September 2017, the Saga plc Board approved the purchase of the second cruise ship, Spirit of Adventure, with an earlier delivery date of August 2020, and the Group exercised the option in December 2017.

Four stage payments for Spirit of Discovery were made between February 2016 and July 2018. The remaining element of the contract price is due on delivery of the ship, and the Group entered into appropriate financing for this on 21 December 2015.

The first two stage payments for Spirit of Adventure were made between December 2017 and January 2019. Two similar stage payments will be made during the construction period (18 months and 12 months prior to delivery), funded via cash resources of the Group. The remaining element of the contract price is due on delivery of the ship, and the Group entered into appropriate financing for this on 20 September 2017.

As at 31 January 2019, the capital amount contracted but not provided for in the financial statements in respect of the ships amounted to £543.5m (2018: £583.8m).

The financing for Spirit of Discovery represents a 12 year fixed rate sterling loan, backed by an export credit guarantee. The loan value of approximately £245m will be repaid in 24 broadly equal instalments, with the first payment six months after delivery. On the date the finance was entered into, the Group purchased Euro currency forwards totalling £273.2m to lock in the cost of the ship.

The financing for Spirit of Adventure represents a 12 year fixed rate sterling loan, backed by an export credit guarantee. The loan value of approximately £295m will be repaid in 24 broadly equal instalments, with the first payment due six months after delivery. On the date the finance was entered into, the Group purchased Euro currency forwards totalling £211.5m, which represents 72% of the cost of the ship.

Both hedges have been designated as cash flow hedges and remain outstanding as at 31 January 2019

## **23 Share-based payments**

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

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

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

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

	<b>LTIP</b>
Outstanding at 1 February 2018	1,314,277
Granted during the year	719,717
Forfeited during the year	(187,820)
Exercised during the year	(91,994)
Outstanding at 31 January 2019	<u>1,754,180</u>
Exercise price	<u>£nil</u>
Exercisable at 31 January 2019	<u>399,178</u>
Average remaining contractual life	<u>1.6 years</u>
Average fair value at grant	<u>£1.10</u>

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



**ST&H LIMITED**
**Notes to the financial statements (continued)**
**24 Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

		<b>Sales to related parties  £'000</b>	<b>Purchases from related parties  £'000</b>	<b>Amounts owed by related parties  £'000</b>	<b>Amounts owed to related parties  £'000</b>
<b>Entities controlled within Group undertaking:</b>					
Saga Group Limited	2019	96	10,163	-	45,237
	2018	-	8,641	-	10,322
ST&H Group Limited	2019	-	-	-	597
	2018	-	-	-	597
Saga Publishing Limited	2019	48	272	-	-
	2018	47	533	-	-
Saga Services Limited	2019	213	3	-	-
	2018	142	-	-	-
MetroMail Limited	2019	1	1,567	-	-
	2018	1	1,703	-	-
CHMC Limited	2019	-	-	-	-
	2018	99	-	-	-
Saga Personal Finance Limited	2019	5	-	-	-
	2018	1	-	-	-
Acromas Insurance Company Ltd	2019	51	-	-	-
	2018	2	-	-	-
	2019	<b>414</b>	<b>12,005</b>	<b>-</b>	<b>45,834</b>
	2018	<b>292</b>	<b>10,877</b>	<b>-</b>	<b>10,919</b>

**ST&H LIMITED****Notes to the financial statements (continued)****25 Investment in subsidiary undertakings**

<b>Company</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Cost</b>		
As at 1 February 2018 & 31 January 2019	75,970	75,957
Additions	-	15
Disposals	-	(2)
	<u>75,970</u>	<u>75,970</u>
<b>Provisions</b>		
As at 1 February 2018 & 31 January 2019	<u>575</u>	<u>575</u>
<b>Net book amount</b>		
At 31 January	<u>75,395</u>	<u>75,395</u>

The entities listed below are subsidiary undertakings 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.

<b>Company</b>	<b>Country of registration</b>	<b>Nature of business</b>
ST&H Transport Limited	England	Tour operating
Titan Transport Limited	England	Tour operating
Destinology Limited	England	Tour operating
Saga Cruises Limited	England	Cruising
Saga Cruises I Limited	England	Cruising
Saga Cruises IV Limited	England	Cruising
Enbrook Cruises Limited	England	Cruising
Saga Cruises GmbH	Germany	Cruising
Saga Crewing Services Limited	England	Cruising
Driveline Group Limited	England	Holding Company
Saga Cruises II Limited	England	Dormant Company
Saga Cruises III Limited	England	Dormant Company
Saga Cruises V Limited	England	Dormant Company
Saga Cruises VI Limited	England	Dormant Company
Driveline Europe Limited	England	Dormant Company
Driveline Travel Limited	England	Dormant Company
Saga Holidays Limited	England	Dormant Company
Saga Shipping Company Limited	England	Dormant Company
Spirit Of Adventure Limited	England	Dormant Company
Titan Travel Holdings Limited	England	Dormant Company
Titan Aviation Limited	England	Dormant Company
Titan Travel Limited	England	Dormant Company

**26 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Group's capital management, capital includes issued capital, share premium and all other capital reserves attributable to the equity holders of the parent. It also includes capital, share premium and all other capital reserves of any subsidiaries within the Group which are required to comply with any specific requirements in respect of its capital or other resources.

The Group operates under the regulation of the Civil Aviation Authority ('CAA') in the UK. It is the Group's policy to comply with the requirements of these regulators at all times.

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 January 2019 or 31 January 2018, other than those driven from changes to the requirements of the various regulators.

The Group is required to comply with two main tests which have historically covered liquidity and net assets, although the latter has been replaced going forward with a leverage test. The Group monitors its compliance with these tests on a monthly basis including forward-looking compliance using budgets and forecasts, and is required to comply with agreed covenants on the last day of each quarter in respect of these tests.

The Group treats all cash and other financial assets held within its regulated businesses as restricted and not therefore available to be used by the Group for any purposes outside of those of the relevant restricted business. The Group enters into regular open communication with its regulators and any distribution of capital from those businesses to the Group is agreed in advance.

**27 Cross company guarantees**

The parent company, along with certain of its fellow group entities, will act as guarantor on bank loans to Saga Cruises V Limited and Saga Cruises VI Limited. These bank loans will amount to the Sterling Equivalent of €622.0 million. The parent company will also act as guarantor on the fuel swap facility held by Saga Cruises Limited which amounts to the Sterling equivalent of \$15.0 million.

**28 Ultimate parent undertaking**

The immediate parent undertaking is ST&H Group Limited, a company which is registered in England and Wales. The Company is wholly owned by ST&H Group Limited.

In respect of the year ending 31 January 2019, 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 2019 may be obtained from the corporate website [www.corporate.saga.co.uk](http://www.corporate.saga.co.uk) or from the Company Secretary, Saga plc, Enbrook Park, Folkestone, Kent, CT20 3SE.

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**ST&H LIMITED****Notes to the financial statements (continued)****29 Subsequent events**

On 15 July 2019, a new company was incorporated, Titan Travel (UK) Limited, which is a wholly-owned subsidiary of ST&H Limited.

**ST&H LIMITED**
**Notes to the financial statements (continued)**
**30 Transition to IFRS 15 and IFRS 9**

Group	As reported 31 Jan 2018 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 2018 £'000
Revenue	448,811	(119)	448,692
Cost of sales	<u>(356,170)</u>	<u>282</u>	<u>(355,888)</u>
<b>Gross profit</b>	<b>92,641</b>	<b>163</b>	<b>92,804</b>
Administrative and selling expenses	(73,089)	-	(73,089)
Other operating income	159	-	159
Finance costs	(3,952)	1,679	(2,273)
Finance income	<u>1,358</u>	<u>4</u>	<u>1,362</u>
<b>Profit before tax</b>	<b>17,117</b>	<b>1,846</b>	<b>18,963</b>
Tax expenses	<u>(3,811)</u>	<u>(313)</u>	<u>(4,124)</u>
<b>Profit for the year</b>	<b><u>13,306</u></b>	<b><u>1,533</u></b>	<b><u>14,839</u></b>

Group	As reported 31 Jan 2018 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 2018 £'000
<b>Profit for the year</b>	13,306	1,533	14,839
<b>Other comprehensive income</b>			
<b>Other comprehensive income to be reclassified to profit and loss account in subsequent years</b>			
Net loss on cash flow hedges during the year	(3,644)	(1,683)	(5,327)
Recycling of previous gains to income statements on matured hedges	<u>(18,772)</u>	<u>-</u>	<u>(18,772)</u>
Total net (loss)/gain on cash flow hedges	(22,416)	(1,683)	(24,099)
Tax effect	<u>3,811</u>	<u>286</u>	<u>4,097</u>
<b>Total other comprehensive income</b>	<b><u>(18,605)</u></b>	<b><u>(1,397)</u></b>	<b><u>(20,002)</u></b>
<b>Total comprehensive income for the year</b>	<b><u>(5,299)</u></b>	<b><u>136</u></b>	<b><u>(5,163)</u></b>

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**30 Transition to IFRS 15 and IFRS 9**

<b>Group</b>	As reported 31 Jan 17 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 17 £'000	As reported 31 Jan 18 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 18 £'000
<b>Non-current assets</b>						
Goodwill	30,939	-	30,939	30,939	-	30,939
Intangible fixed assets	17,780	-	17,780	16,445	-	16,445
Property, plant and equipment	73,342	-	73,342	112,782	-	112,782
Deferred tax assets	3,160	-	3,160	3,225	-	3,225
Financial assets	31,938	-	31,938	32,520	-	32,520
<b>Current assets</b>						
Current tax assets	-	-	-	6	-	6
Financial assets	21,580	(392)	21,188	6,731	(768)	5,963
Inventories	5,281	-	5,281	5,427	-	5,427
Trade and other receivables	23,895	2,582	26,477	28,777	2,249	31,026
Cash and short-term deposits	87,882	-	87,882	63,096	-	63,096
<b>Total assets</b>	<b>295,797</b>	<b>2,190</b>	<b>297,987</b>	<b>299,948</b>	<b>1,481</b>	<b>301,429</b>

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**30 Transition to IFRS 15 and IFRS 9**

Group	As reported 31 Jan 17 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 17 £'000	As reported 31 Jan 18 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 18 £'000
<b>Non-current liabilities</b>						
Financial liabilities	1,090	-	1,090	7,205	-	7,205
Deferred tax liabilities	11,653	375	12,028	6,648	402	7,050
Other liabilities	-	-	-	15,231	-	15,231
<b>Current liabilities</b>						
Provisions	222	-	222	93	-	93
Financial liabilities	7,872	(392)	7,480	19,189	(769)	18,420
Other liabilities	134,759	1,191	135,950	123,978	750	124,728
Trade and other payables	41,352	1,010	42,362	33,910	956	34,866
<b>Total liabilities</b>	<b>196,948</b>	<b>2,184</b>	<b>199,132</b>	<b>206,254</b>	<b>1,339</b>	<b>207,593</b>
<b>Equity</b>						
Issued capital	54,088	-	54,088	54,088	-	54,088
Retained earnings	6,213	(1,506)	4,707	19,519	27	19,546
Capital contribution reserve	645	-	645	789	-	789
Hedging reserve	37,903	1,512	39,415	19,298	115	19,413
<b>Total equity</b>	<b>98,849</b>	<b>6</b>	<b>98,855</b>	<b>93,694</b>	<b>142</b>	<b>93,836</b>
<b>Total liabilities and equity</b>	<b>295,797</b>	<b>2,190</b>	<b>297,987</b>	<b>299,948</b>	<b>1,481</b>	<b>301,429</b>

**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**30 Transition to IFRS 15 and IFRS 9**

<b>Company</b>	As reported 31 Jan 17 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 17 £'000	As reported 31 Jan 18 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 18 £'000
<b>Non-current assets</b>						
Goodwill	18,155	-	18,155	18,155	-	18,155
Intangible fixed assets	4,714	-	4,714	5,409	-	5,409
Property, plant and equipment	5,074	-	5,074	4,861	-	4,861
Investment in subsidiaries	75,382	-	75,382	75,395	-	75,395
Deferred tax assets	7,456	-	7,456	7,467	-	7,467
Financial assets	31,008	-	31,008	31,682	-	31,682
<b>Current assets</b>						
Current tax assets	-	-	-	6	-	6
Financial assets	20,008	(387)	19,621	4,422	(745)	3,677
Inventories	10	-	10	10	-	10
Trade and other receivables	122,097	2,059	124,156	117,874	1,831	119,705
Cash and short-term deposits	78,907	-	78,907	54,942	-	54,942
<b>Total assets</b>	<b>362,811</b>	<b>1,672</b>	<b>364,483</b>	<b>320,223</b>	<b>1,086</b>	<b>321,309</b>



**ST&H LIMITED**  
**Notes to the financial statements (continued)**

**30 Transition to IFRS 15 and IFRS 9**

Company	As reported 31 Jan 17 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 17 £'000	As reported 31 Jan 18 £'000	IFRS 9/15 adjustment £'000	As restated 31 Jan 18 £'000
<b>Non-current liabilities</b>						
Financial liabilities	226	-	226	5,572	-	5,572
Deferred tax liabilities	7,504	330	7,834	5,148	368	5,516
Other liabilities	-	-	-	7,523	-	7,523
<b>Current liabilities</b>						
Provisions	221	-	221	93	-	93
Financial liabilities	129,761	(387)	129,374	94,361	(745)	93,616
Other liabilities	89,635	1,344	90,979	78,925	916	79,841
Trade and other payables	29,582	603	30,185	24,269	577	24,846
<b>Total liabilities</b>	<b>256,929</b>	<b>1,890</b>	<b>258,819</b>	<b>215,891</b>	<b>1,116</b>	<b>217,007</b>
<b>Equity</b>						
Issued capital	54,088	-	54,088	54,088	-	54,088
Retained earnings	45,987	(1,735)	44,252	54,358	(153)	54,205
Capital contribution reserve	445	-	445	519	-	519
Hedging reserve	5,362	1,517	6,879	(4,633)	123	(4,510)
<b>Total equity</b>	<b>105,882</b>	<b>(218)</b>	<b>105,664</b>	<b>104,332</b>	<b>(30)</b>	<b>104,302</b>
<b>Total liabilities and equity</b>	<b>362,811</b>	<b>1,672</b>	<b>364,483</b>	<b>320,223</b>	<b>1,086</b>	<b>321,309</b>