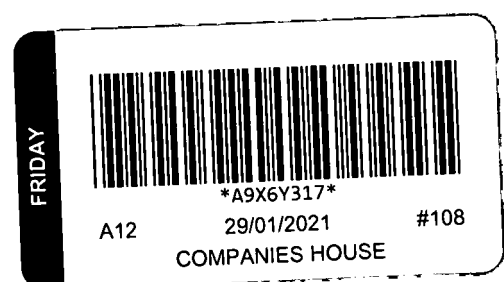


ST&H LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 JANUARY 2020



ST&H LIMITED
Company information

Directors:	E A Sutherland	(appointed 6 January 2020)
	L H L Batchelor	(resigned 6 January 2020)
	J Quin	
	R Bowden-Doyle	
	G Normand	(appointed 20 January 2020)
	P R Shaw	(resigned 11 May 2020)
	S A Jenkins	(resigned 25 June 2020)

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 2020.

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 three ocean cruise ships, Saga Pearl II, Saga Sapphire and Spirit of Discovery. The Saga Pearl II was sold in April 2019 in anticipation of the delivery of a new cruise ship in June 2019, the Spirit of Discovery.

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

	2020	2019 (restated)	change
	£000	£000	%
Turnover	346,144	360,752	(4.0)
Gross profit	61,135	70,622	(13.4)
Gross margin	17.7%	19.6%	(1.9) ppt
Underlying Profit Before Tax	<u>8,946</u>	<u>14,023</u>	(36.2)

Turnover for the year to 31 January 2020 was £346,144,000, 4.0% down 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/(loss) before tax from continuing operations excluding unrealised fair value gains or losses on derivatives, impairment of the carrying value of ocean cruise ships, impairment of intangible fixed assets and the impact due to the insolvency of Thomas Cook. Underlying Profit Before Tax for the year was £8,946,000, down 36.2% on the previous year, as a result of lower passenger numbers in the year in the Tour Operating business.

The loss for the year before taxation from continuing operations amounts to £11,136,000 (2019 – profit of £14,691,000). After taxation, a loss of £10,476,000 (2019 – profit of £11,961,000) from continuing operations has been taken to reserves. Dividends of £103,777,000 were paid in the year (2019 - £nil).

On 31 January 2020 the Company disposed of Saga Cruises Limited, an immediate subsidiary undertaking, to ST&H Group Limited, the Company's immediate parent undertaking. Saga Cruises Limited operated the Group's ocean cruise trading segment.

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 five 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 ocean 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 ocean cruise ships operated internationally throughout the year and were 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.

5. COVID-19 Risk

The COVID-19 outbreak has created a major challenge and a high level of uncertainty for the Company and its subsidiaries. COVID-19 has had a severe impact on the Group, with all holiday departures and cruises cancelled from March 2020. Current plans are being made to recommence ocean cruises from November 2020, with appropriate measures taken to protect the safety of customers. A decision has been made to suspend the Tour Operations business until March 2021. The Company is taking mitigating actions by managing its cash flow and has enabled all of its head office employees to work from home. The Company has also secured support from its parent company, Saga Group Limited, in the form of additional intercompany borrowing to see it through the expected period of disruption. The implications of this risk are considered further in the basis of preparation note 2.2 on page 21 of this report.

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.

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

There is considerable uncertainty as to how the UK will exit from the EU and on what terms. The potential impacts 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.

ST&H LIMITED
Strategic report (continued)

Policy on use of financial instruments (continued)

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 was exposed to the market price of fuel relating to the consumption of fuel on the Group's ocean cruise ships. The Group used fuel swap agreements, and occasionally caps, to mitigate this exposure. The agreements hedged all the anticipated fuel requirements of the Group and were transacted to coincide with committed itineraries.

Going Concern

The Company's business activities, together with the factors likely to affect its future development and performance and its exposure to risk and its management of these risks, including the COVID-19 pandemic are described on pages 4-5.

While the Company and the wider group within which it operates (the "Saga Group") remain in a secure financial position, and the Saga Group expects to remain in compliance with covenants included in banking facilities through at least the next six months in all modelled scenarios, there remains considerable uncertainty as to the impact of COVID-19 beyond this date. While the situation cannot be accurately predicted, looking beyond six months it is possible that the Group may breach some covenants included in banking facilities, and such an outcome would have an impact on the Company and its subsidiaries.

In this outcome the Saga Group would look to agree short term amendments with banking lenders, and given the cash generative nature of the Saga Group's Insurance business, would expect to be able to trade through ongoing COVID-19 disruption to travel. In addition, as signalled at the time of the Saga Group's AGM in June, the Group is considering additional actions to provide greater financial security. These plans are now well advanced, however there are no guarantees that these actions will be concluded and the directors have therefore concluded that there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, to continue realising its assets and discharging its liabilities in the normal course of business.

Notwithstanding this point, the directors expect the Company to trade through the current COVID-19 disruption and have continued to prepare the financial statements to 31 January 2020 on a going concern basis. Full details regarding considerations made in reaching this conclusion are included in note 2.2 to these financial statements on page 21 of this report.

Customer protection

The CAA and the ABTA regulate the business conducted by the Group in the UK. From 1st 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.

ST&H LIMITED
Strategic report (continued)

Section 172 (1) statement

Duty to promote the success of the company

The directors have had regard for the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when performing their duty under section 172. The directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business.

By order of the Board

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

S A Jenkins
Director
20 August 2020

ST&H LIMITED
Directors' report

The Directors submit the Directors' Report of the Group for the year ended 31 January 2020.

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 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 Company's business activities, together with the factors likely to affect its future development and performance and its exposure to risk and its management of these risks, including the COVID-19 pandemic are described on pages 4-5.

Notwithstanding net current liabilities of £43,257,000 as at 31 January 2020, 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. Given the current unprecedented levels of uncertainty and disruption to the Group, there is some uncertainty as to the financial support that Saga Group Limited is able to give.

Whilst the Directors have a reasonable expectation that the Company has access to adequate resources, and have every intention for the Company to continue in operational existence for the foreseeable future, given the current unprecedented levels of uncertainty and disruption to the travel industry, the Directors believe this gives rise to material uncertainties that may cast doubt upon the Company's ability to continue to adopt the going concern basis of accounting in the future, particularly in the event that further unforeseeable disruption is caused by the COVID-19 pandemic.

The Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Full details regarding considerations made in reaching this conclusion are included in note 2b to these financial statements.

ST&H LIMITED
Directors' report (continued)

Disclosure of information to the auditor

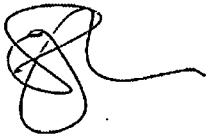
Each current Director has made enquiries of their fellow directors and the Group's auditor and taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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, consisting of a series of loops and a long horizontal stroke extending to the right.

S A Jenkins
Director
20 August 2020

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 2020 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 2020 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.

Material uncertainty related to going concern

We draw attention to the basis of preparation in note 2.2 to the financial statements which indicates that the company's ability to continue as a going concern is dependent on the continued financial support from its ultimate parent company, Saga plc. As set out in note 2.2, while Saga plc expects to remain in compliance with banking covenants through January 2021, given the potential ongoing impact from COVID-19 into next year, the ability of the group to continue as a going concern beyond this date is dependent on further mitigating actions. These actions include potentially raising additional equity capital and renegotiation of certain terms attaching to the group's bank facilities. As these events are outside the control of the Group, they constitute a material uncertainty related to the Company's ability to continue as a going concern. These events and conditions, along with the other matters explained in note 2.2, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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

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.

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.

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

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



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

20 August 2020

ST&H LIMITED
Consolidated income statement
for the year ended 31 January 2020

	Note	2020 £'000	2019 (restated) £'000
Revenue	3	346,144	360,752
Cost of sales	3	(285,009)	(290,130)
Gross profit		61,135	70,622
Administrative & selling expenses	4	(71,102)	(56,394)
Other operating income		291	150
Finance costs	5	(1,460)	(355)
Finance income	6	-	668
(Loss)/ profit before tax from continuing operations		(11,136)	14,691
Tax expense	9	660	(2,730)
(Loss)/profit for the year from continuing operations		(10,476)	11,961
Profit after tax for the year from discontinued operations	28	27,303	688
Profit for the year		16,827	12,649
Attributable to:			
Equity holders of the parent		16,827	12,649
		16,827	12,649

The notes on pages 19 to 85 form an integral part of these financial statements.

ST&H LIMITED
Consolidated statement of comprehensive income
for the year ended 31 January 2020


	Note	2020 £'000	2019 (restated) £'000
Profit for the year		16,827	12,649
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit and loss account in subsequent years</i>			
Net gain on cash flow hedges during the year		(11,118)	473
Recycling of previous gains to income statement on matured hedges		16,735	(2,948)
Total net gain/(loss) on cash flow hedges		5,617	(2,475)
Tax effect		(1,362)	421
Total other comprehensive income/(loss)		4,255	(2,054)
Total comprehensive income for the year		21,082	10,595
Attributable to:			
Equity holders of the parent		21,082	10,595
		21,082	10,595

The notes on pages 19 to 85 form an integral part of these financial statements.

ST&H LIMITED
Consolidated statement of financial position
as at 31 January 2020

	Note	2020 £'000	2019 (restated) £'000
Non-current assets			
Goodwill	10	17,923	30,939
Intangible fixed assets	11	10,797	16,309
Property, plant and equipment	13	1,558	128,179
Right of use assets	14	19,208	11,258
Deferred tax assets	9	2,202	3,521
Financial assets	15	86	643
Current assets			
Current tax assets		22	22
Financial assets	15	236	32,742
Inventories	17	63	5,174
Trade and other receivables	18	27,002	41,920
Cash and short-term deposits	19	55,203	69,037
Total assets		134,300	339,744
Non-current liabilities			
Financial liabilities	15	12,590	11,572
Deferred tax liabilities	9	-	3,686
Other liabilities	21	476	39,435
Current liabilities			
Provisions		-	93
Financial liabilities	15	27,068	32,144
Other liabilities	21	79,220	111,891
Trade and other payables	20	19,495	36,472
Total liabilities		138,849	235,293
Equity			
Issued capital	22	50	54,088
Retained earnings		(899)	32,013
Capital contribution reserve		1,190	991
Hedging reserve		(4,890)	17,359
Total equity		(4,549)	104,451
Total liabilities and equity		134,300	339,744

The notes on pages 19 to 86 form an integral part of these financial statements.
Signed for and on behalf of the Board by



S A Jenkins
Director
20 August 2020

ST&H LIMITED
Company statement of financial position
as at 31 January 2020

	Note	2020 £'000	2019 (restated) £'000
Non-current assets			
Goodwill	10	-	18,155
Intangible fixed assets	11	7,902	6,998
Property, plant and equipment	13	488	4,355
Right of use assets	14	7,750	8,024
Investment in subsidiaries	26	109,315	75,395
Deferred tax assets		1,560	7,278
Financial assets	15	-	497
Current assets			
Current tax assets		22	22
Financial assets	15	137	37,444
Inventories	17	-	7
Trade and other receivables	18	22,606	169,506
Cash and short-term deposits	19	32,623	57,546
Total assets		182,403	385,227
Non-current liabilities			
Financial liabilities	15	6,675	8,586
Deferred tax liabilities		-	5,769
Other liabilities	21	249	32,513
Current liabilities			
Provisions		-	93
Financial liabilities	15	27,163	121,850
Other liabilities	21	45,350	69,514
Trade and other payables	20	11,927	26,831
Total liabilities		91,364	265,156
Equity			
Issued capital	22	50	54,088
Retained earnings		91,486	65,692
Capital contribution reserve		802	684
Hedging reserve		(1,299)	(393)
Total equity		91,039	120,071
Total liabilities and equity		182,403	385,227

The notes on pages 19 to 86 form an integral part of these financial statements.
Signed for and on behalf of the Board by



S A Jenkins
Director
20 August 2020

ST&H LIMITED
Consolidated statement of changes in equity
for the year ended 31 January 2020

	Issued capital £'000	Retained earnings £'000	Capital contribution reserve £'000	Hedging reserve £'000	Total equity £'000
At 1 February 2019 (as reported)	54,088	32,125	991	17,359	104,563
IFRS 16 adjustment	-	(112)	-	-	(112)
At 1 February 2019 (restated)	54,088	32,013	991	17,359	104,451
Profit for the year	-	16,827	-	-	16,827
Other comprehensive losses excluding recycling	-	-	-	(9,229)	(9,229)
Recycling of previous losses to income statement	-	-	-	13,484	13,484
Total comprehensive income/(losses)	-	16,827	-	4,255	21,082
Recognition of non-financial asset from hedging reserve	-	-	-	(26,504)	(26,504)
Capital reduction	(54,038)	54,038	-	-	-
Dividend paid	-	(103,777)	-	-	(103,777)
Capital contribution from ultimate parent	-	-	199	-	199
At 31 January 2020	50	(899)	1,190	(4,890)	(4,549)
At 1 February 2018 (as reported)	54,088	19,546	789	19,413	93,836
IFRS 16 adjustment	-	(182)	-	-	(182)
At 1 February 2018 (restated)	54,088	19,364	789	19,413	93,654
Profit for the year (restated)	-	12,649	-	-	12,649
Other comprehensive income excluding recycling (restated)	-	-	-	393	393
Recycling of previous gains to income statement	-	-	-	(2,447)	(2,447)
Total comprehensive income/(losses)	-	12,649	-	(2,054)	10,595
Capital contribution from ultimate parent	-	-	202	-	202
At 31 January 2019 (restated)	54,088	32,013	991	17,359	104,451

The notes on pages 19 to 86 form an integral part of these financial statements.

ST&H LIMITED
Consolidated statement of cash flows
for the year ended 31 January 2020

ST&H Limited is a company limited by guarantee.
The registered office is at 100, The Quadrant, London, W1A 1AA.
The company is registered in England and Wales, company number 01552762.

		2020	2019
		£'000	(restated) £'000
Operating activities			
Profit before tax from continuing operations		(11,136)	14,691
Profit before tax from discontinued operations		28,756	1,193
		<u>17,620</u>	<u>15,884</u>
Depreciation, impairment and loss on disposal of property, plant & equipment and right of use assets	13	42,380	30,201
Amortisation and impairment of intangible assets	11	16,843	4,672
(Profit)/loss on disposal of property, plant and equipment	4	(5,335)	31
Share-based payment expense		199	202
Profit on disposal of subsidiaries		(25,592)	-
Finance costs	5	7,928	389
Finance income	6	-	(984)
Other operating income		(364)	(223)
Movements in other assets and liabilities		<u>74,251</u>	<u>5,590</u>
		127,930	55,762
Interest received		364	224
Interest on paid		(5,530)	(389)
Income tax paid		<u>893</u>	<u>(6,046)</u>
Net cash flows from operating activities		123,657	49,551
Investing activities			
Proceeds from sale of property, plant and equipment		13,628	72
Purchase of property, plant and equipment		(278,474)	(42,218)
Proceeds from disposal of subsidiaries		<u>44,145</u>	<u>-</u>
Net cash flows used in investing activities		(220,701)	(42,146)
Financing activities			
Net movement on balances with related undertakings		(3,202)	8,597
Payment of lease liabilities		(11,991)	(10,078)
Drawdown of borrowings		218,847	-
Repayment of borrowings		(10,207)	-
Debt issue costs		(6,535)	-
Dividends paid		<u>(103,777)</u>	<u>-</u>
Net cash flows used in financing activities		83,135	(1,481)
Net increase in cash and cash equivalents		(13,909)	5,924
Foreign exchange differences			
Cash and cash equivalents at 1 February		<u>69,007</u>	<u>63,083</u>
Cash and cash equivalents at 31 January	19	55,098	69,007

The notes on pages 19 to 86 form an integral part of these financial statements.

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 Directors have reviewed the appropriateness of the going concern basis in preparing the financial statements, particularly in light of the COVID-19 pandemic, details of which are included in note 2.2. Based on those assumptions, the Directors have continued to adopt the going concern basis in preparing the financial statements. The financial statements are prepared on a historical cost basis except as otherwise stated.

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.

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 directors have considered the appropriateness of the going concern basis of preparation for the financial statements prepared to 31 January 2020, and in doing so have considered a range of possible scenarios that factor in the potential ongoing impact of COVID-19 and other key risks and uncertainties. The Company's business activities, together with the factors likely to affect its future development and performance, its exposure to risk and its management of these risks, are described on pages 4-5. As a consequence, the Directors believe that the Company is well-placed to successfully manage its business risks.

The COVID-19 outbreak has created a major challenge and a high level of uncertainty for the Company and its subsidiaries. COVID-19 has had a severe impact on the Group, with all holiday departures and cruises having to be cancelled since March 2020. Current plans are being made to recommence ocean cruises from November 2020, with appropriate measures taken to protect the safety of customers. A decision has been made to suspend the Tour Operations business until March 2021. The Company is taking mitigating actions by managing its cash flow and has enabled all of its head office employees to work from home. The Company has also secured support from its parent company, Saga Group Limited, in the form of additional intercompany borrowing to see it through the expected period of disruption. The ongoing viability of the Company is therefore linked to the viability of the wider group within which it operates (the "Saga Group").

The Saga Group currently has an ample level of liquidity, with in excess of £30m of available cash as at 31 July 2020, £50m undrawn and available on a revolving credit facility (RCF) and a £10m overdraft that is unutilised. Despite the impact of COVID-19 on its travel business, the Saga Group's insurance business is trading well, remains highly cash generative and is largely unaffected by COVID-19.

The Company and the Saga Group has updated its long-term financial forecasts to January 2025, and with a particular focus on the eighteen-month period to January 2022 and the impact of different scenarios on the Saga Group's leverage and interest cover covenants associated with its banking facilities. Three scenarios have been modelled, as follows:

- a central scenario based on current plans, with no trading expected in the Saga Holidays and Titan businesses until April 2021. This is coupled with the latest view of recommencing ocean cruises again from November 2020, with the long-term outlook for cruising returning to pre COVID-19 levels
- a downside scenario that factors in the impact of a second wave of lockdown restrictions in the first half of 2021 such that cruises have to cease again from January 2021 until May 2021, with a further long-term impact on demand for cruises. Also incorporated into this scenario are further potential downside risks on other parts of the Saga Group, namely in insurance
- a further, more severe downside scenario that factors in additional long-term suppression in demand for package holidays and tours, and further downward pressure on earnings in the insurance business.

2.2 Going concern (continued)

In all scenarios, the short-term outlook remains stable and the Saga Group continues to operate within its debt covenants for the rest of the financial year up to 31 January 2021. Further out, there is more uncertainty and the modelled scenarios indicate a potential breach in the Saga Group banking covenants in July 2021, albeit in most scenarios these breaches would not be material. The Saga Group is currently taking mitigating actions to overcome these issues, including the potential raise of additional equity capital to repay bank debt and renegotiation of certain terms attaching to those bank facilities to provide greater financial flexibility.

Whilst the Company and the Saga Group firmly expects to trade through the current period of uncertainty and has the support of its banks, there is no guarantee that the mitigations will conclude successfully, which are still subject to shareholder approval and further renegotiations. The directors have therefore concluded that there exists a material uncertainty in relation to going concern, which in some scenarios of extended disruption from COVID 19 may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. Notwithstanding this point, the directors have continued to prepare the financial statements to 31 January 2020 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

Revenue from tour operations and cruise holidays where the Group does not operate the cruise ship (primarily river cruising) 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 (primarily ocean cruising) 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 an ocean 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.

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

ST&H LIMITED

Notes to the financial statements (continued)

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 - 30 years
Computers	3 years
Plant, vehicles and other equipment	3 - 10 years

Costs relating to ocean 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.

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

On initial recognition, a financial asset is classified as either amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit and Loss (FVTPL). The classification of financial assets 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.

ST&H LIMITED

Notes to the financial statements (continued)

2.4 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.

ST&H LIMITED

Notes to the financial statements (continued)

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.

ST&H LIMITED

Notes to the financial statements (continued)

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.

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

ST&H LIMITED

Notes to the financial statements (continued)

2.4 Summary of significant accounting policies (continued)

j Leases

The Group has adopted IFRS 16 'Leases' for the first time in the year ended 31 January 2020. The Group applied IFRS 16 retrospectively and the details of the new accounting policies for leases are disclosed below.

The Group leases various river cruise ships, offices, equipment and vehicles. The contract length of the lease varies considerably and may include extension or termination options as described below.

Leases are initially recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Where it is reasonably certain that an extension option will be triggered in a contract, lease payments to be made in respect of the option will be included in the measurement of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment, with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the present value of future lease payments plus any initial direct costs and restoration costs. Right-of-use assets are depreciated over the lease term on a straight-line basis except for the Group's river cruise ships. The unit of production method is used to depreciate river cruise ships in order to accurately reflect the expected usage of the asset, which is seasonal.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with an individual item value of US\$ 5,000 or less.

Extension and termination options are included in a number of property and river cruise ship leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Income arising from leases where the Group acts as lessor is recognised on a straight-line basis over the lease term and is included in operating income.

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 Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is another member of the Group. The Company then recognises a cost equal to its contribution payable for the period .

2.5 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 2020. The effective dates of each of these standards are yet to have been endorsed by the EU and are dependent on the implementation policy adopted by the UK after leaving the EU.

- i. 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. The amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application being permitted.
- ii. Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)**
The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020.
- iii. 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.
- iv. 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.

ST&H LIMITED**Notes to the financial statements (continued)****2.6 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. In the year ended 31 January 2020, management has impaired the goodwill relating to the acquisition of Destinology Limited.
		In the year to 31 January 2020, management has exercised its judgement in relation to the impairment of the ocean cruise ship, the Saga Sapphire and intangible assets relating to Destinology Limited.
2.4i	Financial instruments	Classification of financial instruments, including assessment of market observability of valuation inputs.
2.4j	Leases – interest rate	Assessment of the interest rate used to discount the lease payments to present value.
2.4j	Leases – extension and termination options	Assessment of whether it is probable that the Group will exercise any extension of termination options included within lease contracts.

ST&H LIMITED**Notes to the financial statements (continued)****2.5 Significant accounting judgements, estimates and assumptions (continued)****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.

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

Acc. policy	Items involving estimation	Sources of estimation uncertainty
2.4g	Goodwill impairment testing	<p>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.</p> <p>In the year ended 31 January 2020, goodwill in relation to the acquisition of Destinology Limited was impaired by £13,016k.</p>
2.4e & 2.4h	Useful economic lives of intangible assets and PPE	<p>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.</p>
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 2020, management has exercised its judgement in relation to the impairment of the ocean cruise ship, the Saga Sapphire. In light of the delivery of the Spirit of Adventure in August 2020, and the finalisation of contractual negotiations, management has calculated the realisable disposal valuation of the Saga Sapphire once it is no longer in use.</p> <p>The value in use was significantly below that calculated by management in the previous year and as such, an impairment charge of £6,300k on the Saga Sapphire has been recognised.</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 owned and operated its own ocean cruise ships. 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)

	Tour Operating	Adjust's	Total
2020	£'000	£'000	£'000
Revenue	346,144	-	346,144
Cost of sales	(285,009)	-	(285,009)
Gross profit	61,135	-	61,135
Administrative and selling expenses	(51,792)	(125)	(51,917)
Investment income	291	-	291
Finance costs	(563)	-	(563)
Underlying Profit Before Tax	9,071	(125)	8,946
Net fair value loss on derivative financial instruments	(897)	-	(897)
Impairment of PPE and other intangibles	(7,000)	(13,016)	(20,016)
Insolvency of Thomas Cook	(3,355)	-	(3,355)
Restructuring costs	(390)	-	(390)
Profit on disposal of PPE	4,576	-	4,576
Profit/(loss) before tax	2,005	(13,141)	(11,136)

The total revenue of £346,144,000 is generated solely in the UK.

	Tour Operating	Adjust's	Total
2019 (restated)	£'000	£'000	£'000
Revenue	360,752	-	360,752
Cost of sales	(290,130)	-	(290,130)
Gross profit	70,622	-	70,622
Administrative and selling expenses	(56,137)	(257)	(56,394)
Investment income	150	-	150
Finance costs	-	(355)	(355)
Underlying profit before tax	14,635	(612)	14,023
Net fair value gain on derivative financial instruments	668	-	668
Profit before tax	15,303	(612)	14,691

The total revenue of £360,752,000 is generated solely in the UK.

ST&H LIMITED**Notes to the financial statements (continued)****4 Administrative and selling expenses**

	2020	2019 (restated)
	£'000	£'000
Staff costs (note 7)	18,227	21,051
Marketing and fulfilment costs	18,276	19,359
Short-term and low value asset lease rentals	15	53
Auditor's remuneration*	178	162
Other administrative costs	11,382	10,548
Depreciation – property, plant and equipment	495	592
Depreciation – right of use assets	296	130
(Profit)/ Loss on disposal of property	(5,335)	31
Amortisation of intangible assets	3,807	4,352
Impairment of PPE and other intangibles	20,016	-
Insolvency of Thomas Cook	3,355	-
Restructuring costs	390	-
Non-trading items	-	116
	<u>71,102</u>	<u>56,394</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.

* 2020 - £82,000 (2019 - £79,000) of this relates to the Company.

In the prior year, the Group impaired the carrying value of the Saga Pearl II and the Saga Sapphire in line with third party valuations received (note 12). In the current year, in light of the Saga plc group taking delivery of a new ocean cruise ship in August 2020, which is expected to replace the Saga Sapphire, together with the finalisation of contractual negotiations, management has calculated the realisable disposal valuation of the Saga Sapphire once it is no longer in use. The value in use calculated was significantly below that calculated by management in the prior year and as such, an impairment charge of £6,300k on the Saga Sapphire has been recognised in the current year. The impairment of the cruise ship is included in discontinued operations.

ST&H LIMITED**Notes to the financial statements (continued)****4 Administrative and selling expenses (continued)**

The profit on disposal of property, plant and equipment relates to the disposal of a property held at Redhill to Saga Group Limited for consideration of £7,800k.

During the year, goodwill relating to the acquisition of Destinology Limited was impaired by £13,016k to £nil and intangible assets in relation to Destinology Limited were impaired by £7,000k based upon the value in use calculation for the Destinology business.

The insolvency of Thomas Cook during the year cost the Group £3,355k which primarily relates to monies received from customers as agent not remitted to the Group and the incremental cost of re-booking customer flights.

Saga Cruises Limited was disposed of on 31 January 2020 to ST&H Group Limited for consideration of £45,145k. A profit on disposal of £25,592k was recognised on this transaction. See note 28 for further details.

Non-trading expenses:

	2020	2019
	£'000	£'000
Restructuring costs	-	116
	<u>-</u>	<u>116</u>

5 Finance costs

	2020	2019
	£'000	£'000
Net fair value loss on derivative financial instruments	897	-
Net interest and finance charges payable on lease liabilities	563	355
	<u>1,460</u>	<u>355</u>

6 Finance income

	2020	2019
	£'000	£'000
Net fair value gain on derivative financial instruments	-	668
	<u>-</u>	<u>668</u>

ST&H LIMITED**Notes to the financial statements (continued)****7 Directors and employees**

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

	2020	2019
	£'000	£'000
Continuing operations		
Wages and salaries	24,124	25,271
Social security costs	1,984	2,121
Pension costs	<u>918</u>	<u>923</u>
	27,026	28,315
Discontinued operations		
Wages and salaries	2,362	2,571
Social security costs	240	270
Pension costs	<u>214</u>	<u>241</u>
	2,816	3,082
Total staff costs	<u>29,842</u>	<u>31,397</u>

Staff costs in respect of continuing operations have been allocated £8,800,000 (2019: £7,264,000) to Cost of Sales and £18,226,000 (2019: £24,132,000) to administration expenses.

<i>No of employees</i>	2020	2019
Sales & marketing	298	347
Operations	898	940
Administration and management	<u>35</u>	<u>82</u>
Total staff numbers	<u>1,231</u>	<u>1,369</u>

<i>Compensation of key management personnel of the Group</i>	2020	2019
Aggregate remuneration in respect of qualifying services	<u>387</u>	<u>354</u>
Number of directors who received shares under long term incentive schemes	<u>-</u>	<u>4</u>
Number of directors who exercised share options	<u>-</u>	<u>2</u>

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:-

	2020	2019
Aggregate remuneration in respect of qualifying services	<u>261</u>	<u>187</u>
Defined benefit pension scheme:		
Accrued pension at end of year	<u>-</u>	<u>-</u>

8 Pension benefits

The Company is a member of the Saga Pension Scheme which is a defined benefit scheme.

The Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is another member of the Group. The Company then recognises a cost equal to its contribution payable for the period. The IAS 19 deficit (gross of deferred taxation) of the Scheme at 31 January 2020 was £5.5 million (2019 - £2.8 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:

	2020	2019 (restated)
	£'000	£'000
Consolidated income statement		
Current income tax		
Current income tax charge	696	3,494
Adjustments in respect of previous years	(234)	(80)
	<u>462</u>	<u>3,414</u>
Deferred tax		
Origination and reversal of temporary differences	(1,127)	(629)
Adjustments in respect of previous years	5	(55)
	<u>(1,122)</u>	<u>(684)</u>
Tax (credit)/expense in the income statement	<u>(660)</u>	<u>2,730</u>

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

	2020	2019 (restated)
	£'000	£'000
Loss/(profit) before tax	<u>(11,136)</u>	<u>14,691</u>
Tax at rate of 19.00% (2019: 19.00%)	(2,116)	2,791
Adjustments in respect of previous years	(229)	(135)
Rate change adjustment on temporary differences	133	74
Other non-deductible expenses / non-taxed income	1,552	-
Tax (credit)/expense in the income statement	<u>(660)</u>	<u>2,730</u>

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

	Consolidated statement of financial position		Consolidated income statement	
	2020	2019 (restated)	2020	2019 (restated)
	£'000	£'000	£'000	£'000
Excess of depreciation over capital allowances	1,592	3,497	903	85
Intangibles	-	(1,226)	1,226	320
Short-term temporary differences	586	(2,460)	(1,007)	279
Losses available for offsetting against future taxable income	24	24	-	-
Deferred tax credit			1,122	684
Net deferred tax liabilities	2,202	(165)		

Reflected in the statement of financial position as follows:

	2020	2019 (restated)
	£'000	£'000
Deferred tax assets	2,202	3,521
Deferred tax liabilities	-	(3,686)
Net deferred tax liabilities	2,202	(165)

Reconciliation of net deferred tax liabilities

	2020	2019 (restated)
	£'000	£'000
At 1 February	(165)	(3,381)
Tax credit recognised in the income statement	1,122	684
Tax (charge)/credit recognised in OCI	(1,362)	421
Tax credit recognised directly into the hedging reserve	5,415	-
Tax (charge)/credit attributable to discontinued operations	(2,808)	2,111
At 31 January	2,202	(165)

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.

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

10 Goodwill

	Group £'000	Company £'000
Cost		
At 31 January 2019	30,939	18,155
Disposals	-	(18,155)
At 31 January 2020	<u>30,939</u>	<u>-</u>
Impairment		
At 31 January 2019	-	-
Provided during the year	<u>13,016</u>	<u>-</u>
At 31 January 2019	<u>13,016</u>	<u>-</u>
Net book value		
At 31 January 2020	<u>17,923</u>	<u>-</u>
At 31 January 2019	<u>30,939</u>	<u>18,155</u>

The Group has impaired the goodwill balance by £13,016k during the year. See note 12a for further details.

The Company has hived down the Titan business to a separate legal entity for consideration of £80m on 31 January 2020. ST&H Limited is the parent company of the newly incorporated Titan Travel (UK) Limited and remains part of the Group.

ST&H LIMITED
Notes to the financial statements (continued)
11 Intangible fixed assets
Group

	Brands	Customer Relationships	Software	Total
Cost	£'000	£'000	£'000	£'000
At 1 February 2018	12,748	7,379	33,038	53,165
Additions	-	-	4,570	4,570
Disposals	-	-	(416)	(416)
At 31 January 2019	12,748	7,379	37,192	57,319
Additions	-	-	5,317	5,317
At 31 January 2020	12,748	7,379	42,509	62,636
Amortisation and impairment				
At 1 February 2018	4,462	6,570	25,688	36,720
Amortisation	1,275	611	2,786	4,672
Disposals	-	-	(382)	(382)
At 31 January 2019	5,737	7,181	28,092	41,010
Amortisation	1,275	198	2,356	3,829
Impairment charge	5,736	-	1,264	7,000
At 31 January 2020	12,748	7,379	31,712	51,839
Net book value				
At 31 January 2020	-	-	10,797	10,797
At 31 January 2019	7,011	198	9,100	16,309

The Group has assessed the recoverable amount of other intangible assets relating to the Destinology business as at 31 January 2020 and concluded that the value of those assets needed to be impaired by £7,000k, in light of the current climate and outlook for the travel industry.

ST&H LIMITED**Notes to the financial statements (continued)****11 Intangible fixed assets (continued)****Company****Cost**

At 1 February 2018

Additions

Disposals

At 31 January 2019

Additions

Disposals

At 31 January 2020

Software

£'000

Total

£'000

29,986

29,986

3,892

3,892

(416)

(416)

33,462

33,462

2,784

2,784

(4,411)

(4,411)

31,835

31,835

Amortisation and impairment

At 1 February 2018

Amortisation

Disposals

At 31 January 2019

Amortisation

Disposals

At 31 January 2020

24,577

24,577

2,269

2,269

(382)

(382)

26,464

26,464

1,772

1,772

(4,303)

(4,303)

23,933

23,933

Net book value**At 31 January 2020**

7,902

7,902

At 31 January 2019

6,998

6,998

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:

	2020 £'000	2019 £'000
Titan Travel	17,923	17,923
Destinology	-	13,016
	<u>17,923</u>	<u>30,939</u>

The Group has tested goodwill balances for impairment at 31 January 2020. The impairment test compares the recoverable amount of the goodwill to its carrying value, including the allocated goodwill. The recoverable amount has been determined based on a value-in-use calculation using cash flow projections from the Group's Board approved five-year plan to 2024/25. Terminal values have been included using 2.0% as the expected long term average growth rate of the UK economy, and calculated using the Gordon Growth model. The cash flows have been discounted to present value using a suitably risk-adjusted discount rate based on a market participant cost of capital. The pre-tax discount rate used was 12.2%.

The value-in-use calculation is sensitive to the assumptions used for forecast cash flows, the long term growth rate and the discount rate selected, all of which require significant judgement. Accordingly, stress testing has been performed on these key assumptions as part of the impairment review to determine whether any reasonably foreseeable change in those assumptions would cause the recoverable amount to be lower than its carrying amount of goodwill and other directly attributable assets and liabilities. The stress testing has included a reasonable estimate of the impact of the COVID-19 crisis.

The resultant deficit against the brought forward carrying value is £13,016k. Therefore, management considers it necessary to impair the goodwill balance allocated to Destinology by £13,016k. The impairment charge has allowed for the latest view of the forecast cash flows in light of the current climate in the travel industry.

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 2020 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	(9.7)	11.9	8.7	7.2

ST&H LIMITED

Notes to the financial statements (continued)

12 Impairment of intangible assets (continued)

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 assessed the recoverable amount of other intangible assets relating to the Destinology business as at 31 January 2020 and concluded that the value of those assets needed to be impaired by £7,000k, in light of the current climate and outlook for the travel industry.

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 (restated)	Total (restated)
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 February 2018	4,881	121,372	59,398	9,131	194,782
Additions	-	-	37,577	459	38,036
Disposals	-	-	-	(224)	(224)
At 31 January 2019	4,881	121,372	96,975	9,366	232,594
Additions	7	236,188	35,974	689	272,858
Disposals	(4,405)	(47,380)	-	-	(51,785)
Disposed of with subsidiary undertakings	-	(373,235)	(69,894)	-	(443,129)
Transfer of asset class	-	63,055	(63,055)	(340)	(340)
At 31 January 2020	483	-	-	9,715	10,198
Depreciation and impairment					
At 1 February 2018	855	75,948	-	7,376	84,179
Provided during the year	98	13,678	-	689	14,465
Impairment of assets	-	5,918	-	-	5,918
Disposals	-	-	-	(147)	(147)
At 31 January 2019	953	95,544	-	7,918	104,415
Provided during the year	50	15,965	-	624	16,639
Impairment of assets	-	6,300	-	-	6,300
Disposals	(862)	(42,481)	-	-	(43,343)
Disposed of with subsidiary undertakings	-	(75,328)	-	-	(75,328)
Transfer of asset class	-	-	-	(43)	(43)
At 31 January 2020	141	-	-	8,499	8,640
Net book value					
At 31 January 2020	342	-	-	1,216	1,558
At 31 January 2019	3,928	25,828	96,975	1,448	128,179

During the year, the Group disposed of assets with a net book value of £8,442,000 (2019: £77,000). Profit arising on disposal was £5,015,000 (2019: £31,000).

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
Cost or valuation			
At 1 February 2018	4,881	6,705	11,586
Additions	-	47	47
At 31 January 2019	4,881	6,752	11,633
Additions	8	321	329
Disposals	(4,513)	(2,108)	(6,621)
At 31 January 2020	376	4,965	5,341
Depreciation and impairment			
At 1 February 2018	855	5,870	6,725
Provided during the year	98	455	553
At 31 January 2019	953	6,325	7,278
Provided during the year	50	284	334
Disposals	(883)	(1,876)	(2,759)
At 31 January 2020	120	4,733	4,853
Net book value			
At 31 January 2020	256	232	488
At 31 January 2019	3,928	427	4,355

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

14 Right of use assets

Group	Leasehold Land & Buildings £'000	River Cruise Ships £'000	Plant & equipment £'000	Total £'000
Cost or valuation	£'000	£'000	£'000	£'000
At 1 February 2018	1,627	20,379	4,019	26,025
Additions	633	-	281	914
Disposals	(483)	(4,351)	(26)	(4,860)
At 31 January 2019	1,777	16,028	4,274	22,079
Additions	6,368	15,882	1,971	24,221
Disposals	-	-	(1,367)	(1,367)
Disposed of with subsidiary undertakings	(668)	-	(2,058)	(2,726)
Effect of modification of lease terms	-	(2,558)	-	(2,558)
Transfer of asset class	-	-	340	340
At 31 January 2020	7,477	29,352	3,160	39,989
Depreciation and impairment				
At 1 February 2018	681	6,127	1,418	8,226
Provided during the year	197	6,228	1,022	7,447
Disposals	(483)	(4,351)	(18)	(4,852)
At 31 January 2019	395	8,004	2,422	10,821
Provided during the year	363	10,351	1,414	12,128
Disposals	-	-	(1,317)	(1,317)
Disposed of with subsidiary undertakings	(150)	-	(744)	(894)
Transfer of asset class	-	-	43	43
At 31 January 2020	608	18,355	1,818	20,781
Net book value				
At 31 January 2020	6,869	10,997	1,342	19,208
At 31 January 2019	1,382	8,024	1,852	11,258

During the year, the Group disposed of assets with a net book value of £50,000 (2019: £8,000). Loss arising on disposal was £320,000 (2019: £nil).

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

14 Right of use assets (continued)

Company	Leasehold Land & Buildings £'000	River Cruise Ships £'000	Total £'000
Cost or valuation			
At 1 February 2018	-	20,379	20,379
Disposals	-	(4,351)	(4,351)
At 31 January 2019	-	16,028	16,028
Additions	6,368	15,882	22,250
Disposals	-	(15,882)	(15,882)
Effect of modification of lease terms		(2,558)	(2,558)
At 31 January 2020	6,368	13,470	19,838
Depreciation and impairment			
At 1 February 2018	-	6,127	6,127
Provided during the year	-	6,228	6,228
Disposals	-	(4,351)	(4,351)
At 31 January 2019	-	8,004	8,004
Provided during the year	186	10,351	10,537
Disposals	-	(6,453)	(6,453)
At 31 January 2020	186	11,902	12,088
Net book value			
At 31 January 2020	6,182	1,568	7,750
At 31 January 2019	-	8,024	8,024

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

15 Financial assets and financial liabilities

a Financial assets

Group	2020	2019
	£'000	£'000
Fair value through profit or loss		
Foreign exchange forward contracts	67	387
Fuel oil swaps	-	556
	<u>67</u>	<u>943</u>
Fair value through profit or loss designated in a hedging relationship		
Foreign exchange forward contracts	255	31,248
Fuel oil swaps	-	1,194
	<u>255</u>	<u>32,442</u>
Total financial assets	<u>322</u>	<u>33,385</u>
Current	236	32,742
Non-current	86	643
	<u>322</u>	<u>33,385</u>
Company	2020	2019
	£'000	£'000
Fair value through profit or loss		
Foreign exchange forward contracts	45	376
Fair value through profit or loss designated in a hedging relationship		
Foreign exchange forward contracts	92	37,565
Total financial assets	<u>137</u>	<u>37,941</u>
Current	137	37,444
Non-current	-	497
	<u>137</u>	<u>37,941</u>

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

Group	2020	2019
	£'000	(restated)
		£'000
Fair value through profit or loss		
<i>Derivative liabilities not designated as hedges</i>		
Foreign exchange forward contracts	1,943	539
Fuel oil swaps	-	78
	1,943	617
Fair value through profit or loss designated in a hedging relationship		
<i>Derivative liabilities designated as hedges</i>		
Foreign exchange forward contracts	3,257	10,072
Fuel oil swaps	-	1,368
	3,257	11,440
Amortised cost		
Lease liabilities	18,137	11,614
Bank overdrafts	105	30
Amounts owed to related undertaking	16,216	20,015
	34,458	31,659
Total financial liabilities	39,658	43,716
Current	27,068	32,144
Non-current	12,590	11,572
	39,658	43,716

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

Company	2020	2019
	(restated)	
	£'000	£'000
Fair value through profit or loss		
<i>Derivative liabilities not designated as hedges</i>		
Foreign exchange forward contracts	1,433	349
	1,433	349
Fair value through profit or loss designated in a hedging relationship		
<i>Derivative liabilities designated as hedges</i>		
Foreign exchange forward contracts	1,657	16,386
Intercompany derivatives	-	21,206
	1,657	37,592
Amortised cost		
Lease liabilities	7,868	8,377
Bank overdraft	-	29
Amounts owed to related undertakings	22,880	84,089
	30,748	92,495
Total financial liabilities	33,838	130,436
Current	27,163	121,850
Non-current	6,675	8,586
	33,838	130,436

15 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 2020, 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 2020 or 31 January 2019.

15 Financial assets and financial liabilities (continued)

Financial assets and financial liabilities are measured at fair value.

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 2020:

	Fair value measurement using			Total £'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	£'000	£'000	£'000	
Financial assets measured at fair value				
Foreign exchange forward contract	-	322	-	322
Fuel oil swaps	-	-	-	-
Financial liabilities measured at fair value				
<i>Derivative financial liabilities</i>				
Foreign exchange forward contracts	-	5,200	-	5,200
Fuel oil swaps	-	-	-	-
Liabilities for which fair values are disclosed				
Lease liabilities	-	18,137	-	18,137
Bank overdrafts	-	105	-	105
Amounts owed to related undertakings	-	16,216	-	16,216

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)
15 Financial assets and financial liabilities (continued)
c Fair Values (continued)
At 31 January 2019:

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 2019.

	Fair value measurement using			
	Quoted prices in active markets (Level 1) £'000	Significant observable inputs (restated) (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
Financial assets measured at fair value				
Foreign exchange forward contract	-	31,635	-	31,635
Fuel oil swaps	-	1,750	-	1,750
Financial liabilities measured at fair value				
<i>Derivative financial liabilities</i>				
Foreign exchange forward contracts	-	10,611	-	10,611
Fuel oil swaps	-	1,446	-	1,446
Liabilities for which fair values are disclosed				
Lease liabilities	-	11,614	-	11,614
Bank overdrafts	-	30	-	30
Amounts owed to related undertakings	-	20,015	-	20,015

ST&H LIMITED**Notes to the financial statements (continued)****15 Financial assets and financial liabilities (continued)****d Cash flow hedges*****Forward currency risk***

During the year ended 31 January 2020, the Group designated 571 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 2020:

	Designated in year ended 31 Jan 2020		At 31 Jan 2020		At 31 Jan 2019	
	Volume	Fair Value £'m	Volume	Fair Value £'m	Volume	Fair Value £'m
Foreign Currency Cash Flow Hedging Instruments						
Euro (EUR)	163	(3.1)	164	(1.9)	251	18.0
US Dollar (USD)	127	(0.6)	165	(0.3)	230	2.5
Other currencies	281	(0.8)	313	(0.8)	341	0.7
Total	571	(4.5)	642	(3.0)	822	21.2

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 2020:

	Designated in year ended 31 Jan 2020		At 31 Jan 2020		At 31 Jan 2019	
	Volume	Fair value £'m	Volume	Fair value £'m	Volume	Fair value £'m
Commodity Cash Flow Hedging Instruments	-	-	-	-	170	0.2

ST&H LIMITED**Notes to the financial statements (continued)****15 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 2020. These cash flows are expected to become determined in profit or loss in the same period in which the cash flows occur.

Determination period	EUR	USD	Other currencies	Total
	£'m	£'m	£'m	£'m
1 Feb 20 – 31 Jul 20	50.5	15.9	9.1	75.5
1 Aug 20 – 31 Jan 21	12.3	18.7	4.2	35.2
1 Feb 21 – 31 Jul 21	14.8	4.3	2.6	21.7
1 Aug 21 – 31 Jan 22	0.9	1.4	0.3	2.6
1 Feb 22 – 31 Jul 22	-	-	-	-
1 Aug 22 – 31 Jan 23	-	-	-	-
Total	78.5	40.3	16.2	135.0

During the year, the Group recognised net losses of £4.0m (2019: £5.3m) on cash flow hedging instruments through other comprehensive income into the hedging reserve. Additionally, the Group recognised net losses of £7.2m (2019: £6.3m) through other comprehensive income into the hedging reserve, in relation to the specific hedging instrument for the acquisition of two new ships (note 34). The overall net losses of £11.2m (2019: £1.0m) are offset by a net £nil gain (2019: £1.5m) on forecast transactions recognised in the financial statements. The Group has recognised £0.1m gains through the income statement in respect of the ineffective portion of hedges measured during the year (2019: £nil).

There has been no de-designation of hedges during the year ended 31 January 2020 as a result of cash flows forecast that are no longer expected to occur. During the year, the Group recognised a £2.6m gain (2019: £2.9m) through the income statement in respect of matured hedges, which has been recycled from other comprehensive income. The Group also recognised £31.9m (2019: £nil) in property, plant and equipment, in respect of matured hedges which have been recognised directly from the hedging reserve. The Group has also recycled £16.1m of losses to the income statement from other comprehensive income attributable to Saga Cruises Limited, which was disposed of during the year.

16 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.

16 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
2020	EUR	+ / - £4.8m	+ / - £0.5m
	USD	+ / - £2.9m	+ / - £0.3m
2019	EUR	+ / - £29.6m	+ / - £0.6m
	USD	+ / - £4.0m	+ / - £0.6m

ST&H LIMITED**Notes to the financial statements (continued)****16 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 2020, the maximum exposure to credit risk for trade and other receivables was £4.7m (2019: £2.3m).

Amounts past due but not impaired amounted to £1.1m (2019: £1.1m).

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 counterparties 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 2020 and 31 January 2019 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

31 January 2020 £'000	AAA	AA	A	<A	Unrated	Total
Derivative assets	-	-	143	178	-	321
Total	-	-	143	178	-	321
31 January 2019 £'000	AAA	AA	A	<A	Unrated	Total
Derivative assets	-	-	32,619	766	-	33,385
Total	-	-	32,619	766	-	33,385

ST&H LIMITED**Notes to the financial statements (continued)****16 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.

31 January 2020 £'000	On demand	Less than 1 year	1 to 2 years	2-5 years	Over 5 years	Total
Loans and borrowings	105	-	-	-	-	105
Other financial liabilities	-	97,472	16,577	-	-	114,049
Trade and other payables	-	19,495	-	-	-	19,495
Derivative liabilities	-	4,197	1,003	-	-	5,200
	<u>105</u>	<u>121,164</u>	<u>17,580</u>	<u>-</u>	<u>-</u>	<u>138,849</u>

31 January 2019 £'000	On demand	Less than 1 year	1 to 2 years	2-5 years	Over 5 years	Total
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>

ST&H LIMITED**Notes to the financial statements (continued)****16 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.

Until 30 January 2020, the Group operated two ocean cruise ships which were the Group's largest trading assets. Risk to the operation of these ocean cruise ships arose 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.

17 Inventories

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Fuel and oil	12	617	-	-
Technical stocks	32	3,392	-	-
Passenger and crew food stocks	-	553	-	-
Bar and other sundry stocks	19	612	-	7
	<u>63</u>	<u>5,174</u>	<u>-</u>	<u>7</u>

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

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade receivables	4,651	2,265	1,389	855
Other receivables	7,046	8,367	5,933	5,323
Amounts owed by fellow group undertakings	-	-	8,358	150,198
Prepayments	15,305	31,288	6,926	13,130
	<u>27,002</u>	<u>41,920</u>	<u>22,606</u>	<u>169,506</u>

The ageing of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30 - 60 days	61-90 days	91-120 days	> 120 days
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2020	4,651	3,545	346	193	48	44	475
2019	2,265	1,208	137	83	66	103	668

As at 31 January 2020, impairment provisions totalling £49,000 (2019: £167,000) were made against trade receivables with an initial value of £4,700,000 (2019: £2,432,000). The movements in the provision for impairment of receivables are as follows:

	Individually impaired £'000	Collectively impaired £'000	Total £'000
At 1 February 2018	54	22	76
Charge for the year	92	-	92
Utilised in the year	(1)	-	(1)
At 31 January 2019	<u>145</u>	<u>22</u>	<u>167</u>
Charge for the year	-	-	-
Utilised in the year	(96)	(22)	(118)
Unused amounts reversed	-	-	-
At 31 January 2020	<u>49</u>	<u>-</u>	<u>49</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)****19 Cash and cash equivalents**

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	37,135	44,912	14,585	33,421
Short term deposits	<u>18,068</u>	<u>24,125</u>	<u>18,068</u>	<u>24,125</u>
Cash and short term deposits	55,203	69,037	32,653	57,546
Bank overdraft	<u>(105)</u>	<u>(30)</u>		
Cash and cash equivalents in the cash flow statement	<u>55,098</u>	<u>69,007</u>		

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.

20 Trade and other payables

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	(restated) £'000	£'000	(restated) £'000
Trade payables	3,579	25,551	2,446	18,009
Other taxes and social security costs	345	7	-	-
Other payables	488	787	488	708
Accruals	<u>15,083</u>	<u>10,127</u>	<u>8,993</u>	<u>8,114</u>
	<u>19,495</u>	<u>36,472</u>	<u>11,927</u>	<u>26,831</u>

All trade and other payables are current in nature.

ST&H LIMITED**Notes to the financial statements (continued)****21 Other liabilities**

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Advance receipts	74,706	121,740	42,658	73,553
Deferred revenue	4,990	3,469	2,941	2,357
Other liabilities	-	26,117	-	26,117
	<u>79,696</u>	<u>151,326</u>	<u>45,599</u>	<u>102,027</u>
Current	79,220	111,891	45,350	69,514
Non-current	<u>476</u>	<u>39,435</u>	<u>249</u>	<u>32,513</u>
	<u>79,696</u>	<u>151,326</u>	<u>45,599</u>	<u>102,027</u>

In the current year, advance receipts comprise amounts received for holidays and river cruises with departure dates after the reporting date. In the prior year, advance receipts comprise amounts received for holidays and cruises (primarily ocean going) with departure dates after the reporting date.

In the prior year, other liabilities included 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. The loan was repaid during the year.

22 Called up share capital

	2020	2019
	£'000	£'000
Allotted, called up and fully paid		
At 1 February (Ordinary share of £1 each)	54,088	54,088
Capital reduction	(54,038)	-
At 31 January (Ordinary share of £1 each)	<u>50</u>	<u>54,088</u>

During the year, the Company reduced its share capital by £54,038k by way of capital reduction. As such, £54,038k was transferred to retained earnings and is now distributable.

All shares are unrestricted and carry equal voting rights.

ST&H LIMITED**Notes to the financial statements (continued)****23 Commitments and contingencies****a Lease commitments**

The Group leases various river cruise ships, offices, equipment and vehicles. The contract length of the lease varies considerably and may include extension or termination options. Where it is reasonably certain that an extension option will be triggered in a contract, lease payments to be made in respect of the option are included in the measurement of the lease liability. Future minimum lease payments under lease contracts together with the present values of the net minimum lease payments are as follows:

	2020	2019 (restated)
	£'000	£'000
Within one year	7,315	8,271
Between one and five years	7,094	3,243
After five years	<u>6,828</u>	<u>707</u>
Total minimum lease payments	21,237	12,221
Less amounts representing finance charge	<u>(3,099)</u>	<u>(607)</u>
Present value of minimum lease payments	<u>18,138</u>	<u>11,614</u>

As at 31 January 2020, the value of lease liabilities contracted for but not provided for in the financial statements in respect of right of use assets amounted to £88.1m (2019: £15.9m).

ST&H LIMITED**Notes to the financial statements (continued)****24 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:

	LTIP
Outstanding at 1 February 2019	1,754,180
Granted during the year	2,267,727
Forfeited during the year	(764,590)
Exercised during the year	(13,615)
Disposal of Group company	(1,110,369)
Outstanding at 31 January 2020	<u>2,133,333</u>
Exercise price	<u>£nil</u>
Exercisable at 31 January 2020	<u>27,771</u>
Average remaining contractual life	<u>2.1 years</u>
Average fair value at grant	<u>£0.71</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)
25 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.

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		£'000	£'000	£'000	£'000
Entities controlled within Group undertaking:					
Saga Group Limited	2020	-	10,075	-	1,965
	2019	96	10,163	-	45,237
ST&H Group Limited	2020	-	-	-	597
	2019	-	-	-	597
Saga Publishing Limited	2020	-	185	-	-
	2019	48	272	-	-
Saga Services Limited	2020	-	-	-	-
	2019	213	3	-	-
MetroMail Limited	2020	-	1,702	-	-
	2019	1	1,567	-	-
Saga Cruises Limited	2020	2,803	234	-	13,654
	2019	-	-	-	-
Saga Personal Finance Limited	2020	-	-	-	-
	2019	5	-	-	-
Acromas Insurance Company Ltd	2020	-	-	-	-
	2019	51	-	-	-
Saga Midco Limited	2020	-	272	-	-
	2019	-	-	-	-
	2020	2,803	12,468	-	17,041
	2019	414	12,005	-	45,834

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

26 Investment in subsidiary undertakings

Company	2020 £'000	2019 £'000
Cost		
As at 1 February	75,970	75,970
Additions	80,030	-
Disposals	(46,110)	-
As at 31 January	<u>109,890</u>	<u>75,970</u>
Provisions		
As at 1 February 2019 & 31 January 2020	<u>575</u>	<u>575</u>
Net book amount		
At 31 January	<u>109,315</u>	<u>75,395</u>

During the year, the Company has disposed of Saga Cruises Limited and its subsidiaries to ST&H Group Limited, the Company's immediate parent Company for consideration of £44,145k.

The entities listed below are subsidiary undertakings of the Company as at 31 January 2020. The registered office address for all entities registered in England is Enbrook Park, Sandgate, Folkestone, Kent, CT20 3SE.

Company	Country of registration	Nature of business
ST&H Transport Limited	England	Tour operating
Saga Transport Limited (formerly Titan Transport Limited)	England	Tour operating
Destinology Limited	England	Tour operating
Driveline Group Limited	England	Holding 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 Aviation Limited	England	Dormant Company
Titan Transport (UK) Limited	England	Dormant Company
Titan Travel (UK) Limited	England	Dormant Company
Titan Travel Holdings Limited	England	Dormant Company
Titan Travel Limited	England	Dormant Company

ST&H LIMITED**Notes to the financial statements (continued)****27 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 2020 or 31 January 2019, 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.

28 Discontinued operations

On 31 January 2020, the Group completed the sale of Saga Cruises Limited and its subsidiaries to ST&H Group Limited, a fellow subsidiary within the Saga plc Group.

The impact of the discontinued operation on the profit for the year is as follows:

	2020 £'000	2019 £'000
Profit after tax	1,711	688
Gain on disposal of discontinued operations	25,592	-
	<u>27,303</u>	<u>688</u>

ST&H LIMITED**Notes to the financial statements (continued)****28 Discontinued operations (continued)**

The gain on disposal of Saga Cruises Limited is as follows:

	2020 £'000
Cash consideration received	44,145
Net liabilities disposed	795
Release of accumulated losses from OCI relating to Saga Cruises Limited	<u>(19,348)</u>
	<u>25,592</u>

The results of Saga Cruises Limited and its subsidiaries for the period are as follows:

	2020 £'000	2019 (restated) £'000
Revenue	117,999	96,631
Cost of sales	<u>(80,051)</u>	<u>(73,272)</u>
Gross profit	37,948	23,359
Administrative & selling expenses	(28,151)	(22,521)
Other operating income	73	73
Finance costs	(6,706)	(34)
Finance income	<u>-</u>	<u>316</u>
Profit before tax	3,164	1,193
Tax expense	<u>(1,453)</u>	<u>(505)</u>
Profit for the year	<u>1,711</u>	<u>688</u>
Attributable to:		
Equity holders of the parent	<u>1,711</u>	<u>688</u>
	<u>1,711</u>	<u>688</u>

ST&H LIMITED

Notes to the financial statements (continued)

29 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 2020, 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 2020 may be obtained from the corporate website www.corporate.saga.co.uk or from the Company Secretary, Saga plc, Enbrook Park, Folkestone, Kent, CT20 3SE.

30 Post balance sheet events

The COVID-19 pandemic has created an unprecedented challenge and a high level of uncertainty for all companies. The board of Directors are focused on protecting the viability of the Company over the coming months. Whilst the Directors consider the event to be non-adjusting in nature, they have duly considered the impact of the crisis on the financial performance and position of the Company. Further detail relating to this is provided within the basis of preparation and going concern sections in note 2.1 and 2.2 on pages 19 and 20.

ST&H LIMITED
Notes to the financial statements (continued)
31 Transition to IFRS 16

Group	As reported 31 Jan 2019 £'000	IFRS 16 adjustment £'000	Discontinued Operations	As restated 31 Jan 2019 £'000
Revenue	457,383	-	(96,631)	360,752
Cost of sales	(364,130)	728	73,272	(290,130)
Gross profit	93,253	728	(23,359)	70,622
Administrative and selling expenses	(78,669)	(246)	22,521	(56,394)
Other operating income	223	-	(73)	150
Finance costs	(59)	(330)	34	(355)
Finance income	984	-	(316)	668
Profit before tax from continuing operations	15,732	152	(1,193)	14,691
Tax expenses	(3,153)	(82)	505	(2,730)
Profit for the year from continuing operations	12,579	70	(688)	11,961
Profit after tax from discontinuing operations	-	-	688	688
Profit for the year	12,579	70	-	12,649
Group	As reported 31 Jan 2019 £'000	IFRS 16 adjustment £'000	Discontinued operations	As restated 31 Jan 2019 £'000
Profit for the year	12,579	70	-	12,649
Other comprehensive income				
Other comprehensive income to be reclassified to profit and loss account in subsequent years				
Net loss on cash flow hedges during the year	473	-		473
Recycling of previous gains to income statements on matured hedges	(2,948)	-		(2,948)
Total net loss on cash flow hedges	(2,475)	-		(2,475)
Tax effect	421	-		421
Total other comprehensive income	(2,054)	-		(2,054)
Total comprehensive income for the year	10,525	70		10,595

ST&H LIMITED
Notes to the financial statements (continued)
31 Transition to IFRS 16

Group	As reported		As restated	As reported		As restated
	31 Jan 18	IFRS 16 adjustment		31 Jan 19	IFRS 16 adjustment	
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Goodwill	30,939	-	30,939	30,939	-	30,939
Intangible fixed assets	16,445	-	16,445	16,309	-	16,309
Property, plant and equipment	112,782	(2,179)	110,603	129,851	(1,672)	128,179
Right of use assets	-	20,170	20,170	-	11,258	11,258
Deferred tax assets	3,225	437	3,662	3,521	-	3,521
Financial assets	32,520	-	32,520	643	-	643
Current assets						
Current tax assets	6	-	6	22	-	22
Financial assets	5,963	-	5,963	32,742	-	32,742
Inventories	5,427	-	5,427	5,174	-	5,174
Trade and other receivables	31,026	-	31,026	41,920	-	41,920
Cash and short-term deposits	63,096	-	63,096	69,037	-	69,037
Total assets	301,429	18,428	319,857	330,158	9,586	339,744

ST&H LIMITED
Notes to the financial statements (continued)
31 Transition to IFRS 16

Group	As reported 31 Jan 18 £'000	IFRS 16 adjustment £'000	As restated 31 Jan 18 £'000	As reported 31 Jan 19 £'000	IFRS 16 adjustment £'000	As restated 31 Jan 19 £'000
Non-current liabilities						
Financial liabilities	7,205	9,444	16,649	8,520	3,052	11,572
Deferred tax liabilities	7,050	(7)	7,043	4,048	(362)	3,686
Other liabilities	15,231	-	15,231	39,435	-	39,435
Current liabilities						
Provisions	93	-	93	93	-	93
Financial liabilities	18,420	9,173	27,593	25,136	7,008	32,144
Other liabilities	124,728	-	124,728	111,891	-	111,891
Trade and other payables	34,866	-	34,866	36,472	-	36,472
Total liabilities	207,593	18,610	226,203	225,595	9,698	235,293
Equity						
Issued capital	54,088	-	54,088	54,088	-	54,088
Retained earnings	19,546	(182)	19,364	32,125	(112)	32,013
Capital contribution reserve	789	-	789	991	-	991
Hedging reserve	19,413	-	19,413	17,359	-	17,359
Total equity	93,836	(182)	93,654	104,563	(112)	104,451
Total liabilities and equity	301,429	18,428	319,857	330,158	9,586	339,744

ST&H LIMITED
Notes to the financial statements (continued)
31 Transition to IFRS 16

Company	As reported 31 Jan 18 £'000	IFRS 16 adjustment £'000	As restated 31 Jan 18 £'000	As reported 31 Jan 19 £'000	IFRS 16 adjustment £'000	As restated 31 Jan 19 £'000
Non-current assets						
Goodwill	18,155	-	18,155	18,155	-	18,155
Intangible fixed assets	5,409	-	5,409	6,998	-	6,998
Property, plant and equipment	4,861	-	4,861	4,355	-	4,355
Right of use assets	-	16,623	16,623	-	8,024	8,024
Investment in subsidiaries	75,395	-	75,395	75,395	-	75,395
Deferred tax assets	7,467	53	7,520	7,218	60	7,278
Financial assets	31,682	-	31,682	497	-	497
Current assets						
Current tax assets	6	-	6	22	-	22
Financial assets	3,677	-	3,677	37,444	-	37,444
Inventories	10	-	10	7	-	7
Trade and other receivables	119,705	-	119,705	169,506	-	169,506
Cash and short-term deposits	54,942	-	54,942	57,546	-	57,546
Total assets	321,309	16,676	337,985	377,143	8,084	385,227

ST&H LIMITED
Notes to the financial statements (continued)
31 Transition to IFRS 16

Company	As reported 31 Jan 18 £'000	IFRS 16 adjustment £'000	As restated 31 Jan 18 £'000	As reported 31 Jan 19 £'000	IFRS 16 adjustment £'000	As restated 31 Jan 19 £'000
Non-current liabilities						
Financial liabilities	5,572	8,377	13,949	6,904	1,682	8,586
Deferred tax liabilities	5,516	-	5,516	5,769	-	5,769
Other liabilities	7,523	-	7,523	32,513	-	32,513
Current liabilities						
Provisions	93	-	93	93	-	93
Financial liabilities	93,616	8,792	102,408	115,155	6,695	121,850
Other liabilities	79,841	-	79,841	69,514	-	69,514
Trade and other payables	24,846	-	24,846	26,831	-	26,831
Total liabilities	217,007	17,169	234,176	256,779	8,377	265,156
Equity						
Issued capital	54,088	-	54,088	54,088	-	54,088
Retained earnings	54,205	(493)	53,712	65,985	(293)	65,692
Capital contribution reserve	519	-	519	684	-	684
Hedging reserve	(4,510)	-	(4,510)	(393)	-	(393)
Total equity	104,302	(493)	103,809	120,364	(293)	120,071
Total liabilities and equity	321,309	16,676	337,985	377,143	8,084	385,227