

Sage Holdings Limited
Directors' report and accounts
for the year ended 30 September 2002

Registered Number 3610110



Sage Holdings Limited

Directors' report and accounts

for the year ended 30 September 2002

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Sage Holdings Limited

Directors' report for the year ended 30 September 2002

The directors present their report and the audited financial statements of the company for the year ended 30 September 2002.

Review of activities and results

The company acts as a holding company. The results for the year are set out in the profit and loss account on page 3. No dividend is proposed.

Directors and their interests

The directors who held office during the year are given below:

P A Walker

P S Harrison

The directors who served during the year, had no interest in the shares of the company at any time during the year, or prior year. The interests of the directors in the shares of The Sage Group plc are set out in the annual report of that company for the year ended 30 September 2002.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the conversion of the company's auditor PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 7 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditor to fill the casual vacancy. A resolution to reappoint PricewaterhouseCoopers LLP as auditor to the company will be proposed at the Annual General Meeting.

By order of the Board



M J Robinson
Secretary

11 July 2003

Sage Holdings Limited

Independent auditors' report to the members of Sage Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle Upon Tyne

11 July 2003

Sage Holdings Limited

Profit and loss account for the year ended 30 September 2002

	Note	2002 £'000	2001 £'000
Income from shares in group undertakings		8,124	8,404
Interest receivable and similar income	2	7,764	427
Interest payable and similar charges	3	(21,352)	(21,473)
Loss on ordinary activities before taxation		(5,464)	(12,642)
Taxation on loss on ordinary activities	4	(220)	-
Loss for the year transferred from reserves	11,12	(5,684)	(12,642)

All results refer entirely to continuing operations.

Recognised gains and losses

The company has no recognised gains or losses, as defined in Financial Reporting Standard 3 ("FRS3"), Reporting Financial Performance, which are not included in the above profit and loss account.

Historical cost profits and losses

There is no material difference between the reported losses and the historical cost losses for 2002 and 2001.

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Balance sheet as at 30 September 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Investments	5	495,035	476,471
Current assets			
Debtors	6	21,610	13,543
		21,610	13,543
Creditors: amounts falling due within one year	7	(175,466)	(136,449)
Net current liabilities		(153,856)	(122,906)
Total assets less current liabilities		341,179	353,565
Creditors: amounts falling due in more than one year	8	(185,925)	(192,627)
Net assets		155,254	160,938
Capital and reserves			
Called up equity share capital	9	-	-
Share premium account	10	201,765	201,765
Profit and loss account	11	(46,511)	(40,827)
Equity shareholders' funds	12	155,254	160,938

The financial statements on pages 3 to 10 were approved by the board of directors on 11 July 2003 and were signed on its behalf by:



P S Harrison
Director

Sage Holdings Limited

Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Deferred taxation

With effect from 1 October 2001, the company changed its accounting policy with respect to deferred taxation upon the implementation of Financial Reporting Standard No 19 ("FRS19"). FRS 19 introduces a form of full provision for accounting for deferred tax, called the incremental liability approach, which replaces the partial provision approach previously followed under SSAP 15.

Deferred tax is now provided on timing differences where the company has an obligation to pay more tax in the future as a result of those timing differences.

Previously, deferred tax was provided on timing differences to the extent that they were expected to reverse in the foreseeable future.

Deferred tax unprovided for as at 30 September 2001, and which is now required to be provided for under FRS 19, is £nil. Shareholders' funds at 30 September 2001 remain unchanged. As permitted by FRS 19, the company has adopted a policy of not discounting deferred tax assets and liabilities.

Investments

Investments are stated at cost. The company has taken advantage of the exemption not to prepare consolidated financial statements per s228 Companies Act 1985, as it is included in the consolidated financial statements of The Sage Group plc.

Foreign currency translation

Foreign currency assets and liabilities are translated into sterling at rates of exchange ruling at the year end.

Trading results are translated at the average rate prevailing during the relevant year.

All gains and losses are dealt with in the profit and loss account.

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Notes to the financial statements for the year ended 30 September 2002

1 Employees and directors

Neither the directors nor the secretary received any emoluments during the year in respect of their services to the company (2001: Nil).

No other persons were employed during the year (2001: Nil).

2 Interest receivable and similar income

	2002	2001
	£'000	£'000
Net exchange gains on translation of foreign currency loan	7,764	427

3 Interest payable and similar charges

	2002	2001
	£'000	£'000
On loans from group undertakings	21,352	21,473

4 Taxation

(a) Analysis of charge in the period

	2002	2001
	£'000	£'000
Current tax:		
UK Corporation tax on profits of the period	1,699	-
Adjustments in respect of previous periods	(1,479)	-
Total current tax	220	-
Total deferred tax	-	-
Tax on profit on ordinary activities	220	-

Sage Holdings Limited

(b) Factors affecting tax charge for the period

	2002 £'000	2001 £'000
Loss on ordinary activities before tax	(5,464)	(12,642)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001:30%)	(1,639)	(3,792)
Effects of:		
Double tax relief	(1,054)	(2,101)
Additional income only recognised for tax purposes	316	630
Adjustment of tax charge in respect of previous periods	(1,479)	-
Group relief not paid	4,076	5,263
Current tax charge for the period	220	-

(c) Factors that may affect future tax charges

There are no factors which are expected to affect future tax charges materially.

5 Investments

	2002 £'000	2001 £'000
Cost:		
At beginning of year	476,471	280,077
Additions	18,564	392,788
Disposals – intra group	-	(196,394)
At end of year	495,035	476,471

On 8 April 2002 the company increased its investment in Sage Jesmond Limited by £9,468,000, which was satisfied by the allotment to the company of 1 £1 ordinary share in Sage Jesmond Limited. On the same date the company also increased its investment in Sage Quayside Limited by £9,096,000, which was satisfied by the allotment to the company of 1 £1 ordinary share in Sage Quayside Limited.

The directors believe that the investments are stated at an amount not less than their carrying value.

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The company has the following interests at 30 September 2002:

Company	Country of Incorporation	Holding	Nature of Business
Best US, Inc	US	Preferred Stock -100% ¹	Holding company
Sage Jesmond Limited	United Kingdom	Ordinary shares- 100%	Holding company
Sage Quayside Limited	United Kingdom	Ordinary shares- 100%	Holding company

¹ The ordinary shares are owned by another group undertaking.

6 Debtors

	2002 £'000	2001 £'000
Amounts owed by group undertakings	21,610	13,543

7 Creditors – Amounts falling due within one year

	2002 £'000	2001 £'000
Amounts owed to group undertakings	174,804	136,006
Corporation tax	662	443
	175,466	136,449

8 Creditors – Amounts falling due in more than one year

	2002 £'000	2001 £'000
Amounts owed by group undertakings	185,925	192,627

Included in the amounts owed to group undertakings is £90,566,000 owed to the parent undertaking. This amount has no fixed terms for repayment. However the parent undertaking has confirmed that it will not seek repayments within twelve months of the balance sheet date.

The remaining £95,359,000 owed to group undertakings is due for repayment in 2020 and interest is charged at 6.5% per annum.

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9 Called up equity share capital

	2002	2001
	£	£
Authorised		
Ordinary shares of £1 each	100,000	100,000
Allotted , called up and fully paid		
Ordinary shares of £1 each	201	201

10 Share premium account

	£'000
At beginning and end of year	201,765

11 Profit and loss account

	£'000
At 30 September 2001	(40,827)
Loss for the year	(5,684)
At 30 September 2002	(46,511)

12 Reconciliation of movement in equity shareholders' funds

	2002	2001
	£'000	£'000
At beginning of year	160,938	(22,814)
Loss for the year	(5,684)	(12,642)
Issue of shares	-	196,394
At end of year	155,254	160,938

Sage Holdings Limited

13 Parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party is The Sage Group plc, a company registered in England. Copies of the group accounts can be obtained from the registered office at Sage House, Benton Park Road, Newcastle upon Tyne, NE7 7LZ.

14 Related party transactions

As the company is a wholly owned subsidiary of The Sage Group plc, the company has taken advantage of the exemption pursuant to paragraph 17 of FRS 8 "Related Party Disclosures", not to include details of transactions with other companies which are subsidiaries of The Sage Group plc. There are no other related party transactions.

15 Cash flow statement

The company has not presented its own cash flow statement as permitted by FRS1. Details of the cash flows of the group may be found in the accounts of The Sage Group plc.