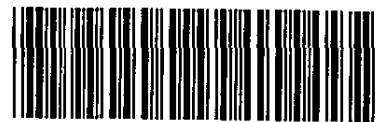


Sage Holdings Limited
Report and financial statements
for the year ended 30 September 2010

Registered number 03610110

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Sage Holdings Limited
Report and financial statements
for the year ended 30 September 2010
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Sage Holdings Limited

Directors' report for the year ended 30 September 2010

The directors present their report and the audited financial statements of Sage Holdings Limited ("the Company") for year ended 30 September 2010

Principal activities and future developments

The principal activity of the Company continued to be that of a holding company. The results for the year are set out in the profit and loss account on page 5. The Company will continue to hold investments in other group companies and anticipates no major changes in the operating environment.

Directors

The directors who held office during the year and up to the date of signing the financial statements are set out below.

P S Harrison

P A Walker (resigned 30 September 2010)

G S Berruyer (appointed 30 September 2010)

Indemnity provisions

The ultimate parent company, The Sage Group plc maintains liability insurance for its directors and officers during the financial year and at the date of approval of these financial statements. The Sage Group plc has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Sage Holdings Limited

Directors' report for the year ended 30 September 2010 (continued)

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

This report has been prepared in accordance with the special provision relating to small companies within Part 15 of Companies Act 2006

On behalf of the board



P S Harrison
Director

10 December 2010

Sage Holdings Limited

Independent auditors' report to the members of Sage Holdings Limited

We have audited the financial statements of Sage Holdings Limited for the year ended 30 September 2010 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Sage Holdings Limited

Independent auditors' report to the members of Sage Holdings Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the directors' report in accordance with the small company regime



Charles Bowman (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

10 December 2010

Sage Holdings Limited

Profit and loss account for the year ended 30 September 2010

	Note	2010 £'000	2009 £'000
Administrative expenses		-	(2)
Operating loss		-	(2)
Share of profit from partnership	1	511	2,960
Interest receivable and similar income	2	23,737	29,713
Interest payable and similar charges	3	(3,121)	(4,919)
Profit on ordinary activities before taxation	4	21,127	27,752
Tax on profit on ordinary activities	5	(20,114)	2,206
Profit for the financial year	12	1,013	29,958

All results refer entirely to continuing operations

Recognised gains and losses

The Company has no recognised gains or losses, as defined in FRS 3 "Reporting financial performance", which are not included in the above profit and loss account

Historical cost profits

There is no material difference between the reported profits and the historical cost profits for 2010 and 2009

Sage Holdings Limited

Balance sheet as at 30 September 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Investments	6	1,307,280	1,307,280
Current assets			
Debtors amounts falling due within one year	7	16,468	36,429
Debtors amounts falling due after more than one year	7	1,052,220	435,268
Cash at bank and in hand		112	1
		1,068,800	471,698
Creditors, amounts falling due within one year	8	(1,450,215)	(854,126)
Net current liabilities		(381,415)	(382,428)
Total assets less current liabilities		925,865	924,852
Capital and reserves			
Called up share capital	9	615,392	615,392
Share premium account	10	288,709	288,709
Other reserves	11	22,438	22,438
Profit and loss account	12	(674)	(1,687)
Total shareholders' funds	13	925,865	924,852

The financial statements on pages 5 to 12 were approved by the board of directors on 10 December 2010 and were signed on its behalf by


 P S Harrison
 Director

Registered number: 03610110

Sage Holdings Limited

Statement of accounting policies

Accounting convention

These financial statements are prepared on the going concern basis, under the historical costs convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies applied consistently, are set out below.

Cash flow statement

The Company is a wholly owned subsidiary of The Sage Group plc and is included in the consolidated financial statements of The Sage Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1, (revised 1996) "Cash flow statements".

Functional currency

Monetary 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.

Fixed asset investments

Fixed asset investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Consolidated financial statements

The Company is a wholly-owned subsidiary of The Sage Group plc and is included in the consolidated financial statements of The Sage Group plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Joint arrangements

The Company owns 99.9% of Sage Software North America which is accounted for as a joint arrangement. Under this accounting policy the Company accounts for their share of the assets, liabilities and results of the joint arrangement.

Sage Holdings Limited

Notes to the financial statements for the year ended 30 September 2010

1 Share of profit from partnership

Share of profit from partnership comprises 99.9% share of the results of Sage Software North America

2 Interest receivable and similar income

	2010	2009
	£'000	£'000
Interest on loans to group undertakings	23,737	29,713

3 Interest payable and similar charges

	2010	2009
	£'000	£'000
Net exchange losses on translation of foreign currency loan	1,569	1,898
Interest on loans from group undertakings	1,552	3,021
	3,121	4,919

4 Profit on ordinary activities before taxation

Auditors' remuneration is borne by the ultimate parent company, the Sage Group plc in both the current and prior year

The directors did not receive any emoluments during the year in respect of their services to the Company (2009 £nil) No other persons were employed during the year (2009 none)

Sage Holdings Limited

Notes to the financial statements for the year ended 30 September 2010 (continued)

5 Tax on profit on ordinary activities

(a) Analysis of charge/(credit) in the year

	2010	2009
	£'000	£'000
UK corporation tax on profits of the year	-	-
Overseas tax	20,111	(2,164)
Adjustment in respect of prior year	3	(42)
Tax on profit on ordinary activities	20,114	(2,206)

The tax assessed for the year is higher (2009 lower) than the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

(b) Factors affecting tax charge/(credit) for the year

	2010	2009
	£'000	£'000
Profit on ordinary activities before taxation	21,127	27,752
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	5,916	7,771
Effects of		
Share of partnership tax charge/(credit)	20,111	(2,164)
Group relief utilised not paid	(5,916)	(7,771)
Adjustment in respect of prior year	3	(42)
Current tax charge/(credit) for the year	20,114	(2,206)

(c) Factors that may affect future tax charges

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

Sage Holdings Limited

Notes to the financial statements for the year ended 30 September 2010 (continued)

6 Fixed asset investments

Cash and net book value	£'000
At 1 October 2009 and 30 September 2010	1,307,280

The Company has the following interests at 30 September 2010

Company	% ownership of ordinary shares	Country of Incorporation	Principal Activity
Subsidiary undertakings			
Sage Jesmond Limited	100	UK	Holding company
Sage Quayside Limited	100	UK	Holding company
Sage (South Gosforth)	100	UK	Holding company
Sage Finance Limited	100	UK	Holding company
Sage Finance II	100	UK	Holding company
Investment via joint arrangement:			
Sage Software Holdings Inc	99.9	USA	Holding company

The investment in Sage Software Holdings Inc, at a value of £581,586,000, is held by the company indirectly as a result of the company's direct investment in Sage Software North America. The investment is included within the financial statements of the company as a result of the company accounting for its share of Sage Software North America.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

7 Debtors

	2010 £'000	2009 £'000
Corporation tax	-	3
Share of partnership assets	16,468	36,426
Amounts owed by group undertakings	1,052,220	435,268
	1,068,688	471,697

Debtors include amounts owed by group undertakings of £1,052,220 (2009: £435,268,000) due after more than one year.

Sage Holdings Limited

Notes to the financial statements for the year ended 30 September 2010 (continued)

Of the amounts owed by group undertakings £721,855,000 are unsecured, interest free and carry no fixed repayment date, the remaining balances of £170,172,000, £162,708,000 and £13,953,000 are unsecured, charged at an interest rate of 6.15%, 5.75% and 5.60% respectively and carry a fixed term of 10 years

8 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	1,449,777	853,688
Share of partnership liabilities	438	438
	1,450,215	854,126

Of the amounts owed to group undertakings £1,252,177,000 are unsecured, interest free and carry no fixed repayment date, the remaining balance of £197,600,000 are unsecured, charged at an interest rate of LIBOR + 0.50% and carry a fixed term of 5 years

9 Called up share capital

	2010 £	2009 £
Authorised		
810,000,000 ordinary shares of £1 each	810,000,000	810,000,000
Allotted and fully paid		
615,392,267 ordinary shares of £1 each	615,392,267	615,392,267

10 Share premium account

	£'000
At 1 October 2009 and 30 September 2010	288,709

11 Other reserves

	£'000
At 1 October 2009 and 30 September 2010	22,438

Sage Holdings Limited

Notes to the financial statements for the year ended 30 September 2010 (continued)

12 Profit and loss account

	£'000
At 1 October 2009	(1,687)
Profit for the financial year	1,013
At 30 September 2010	(674)

13 Reconciliation of movements in shareholders' funds

	2010	2009
	£'000	£'000
Profit for the financial year	1,013	29,958
Opening shareholders' funds	924,852	894,894
Closing shareholders' funds	925,865	924,852

14 Parent undertaking and controlling party

The Company's immediate parent undertaking is Sage Whitley Limited. The ultimate parent undertaking and controlling party is The Sage Group plc, a company registered in England. The Sage Group plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2010. Copies of the group financial statements can be obtained from the registered office at North Park, Newcastle upon Tyne, NE13 9AA.

15 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 3(c) 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.