

Sage Holdings Limited
Annual report and financial statements
for the year ended 30 September 2015

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for the year ended 30 September 2015

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Sage Holdings Limited

Directors' report for the year ended 30 September 2015

The directors present their report and the audited financial statements of Sage Holdings Limited ("the Company") for year ended 30 September 2015.

Principal activities

The principal activity of the Company throughout the year has been that of an intermediate holding company within the Sage Group Plc group of companies ("the Group") and will remain as such for the foreseeable future.

Directors

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

M J Robinson

D M Fisher (resigned 02/02/2016)

J-H F Liepe (appointed 02/02/2016)

Indemnity provisions

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

Going concern

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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Directors' report for the year ended 30 September 2015 (continued)

Statement of directors' responsibilities (continued)

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.

This report has been prepared in accordance with the special provision relating to small companies within Part 15 of the Companies Act 2006 and the Company is therefore exempt from the requirement to prepare a Strategic Report.

Disclosure of information to auditors

Each person 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 section 418 of the Companies Act 2006.

On behalf of the Board



J-H F Liepe

Director

27 June 2016

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 2015 which comprise of the profit and loss account, balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Ernst & Young LLP

Mark Morritt (Senior Statutory Auditor)
For and on behalf of Ernst and Young LLP
Statutory Auditors
Leeds

30 June 2016

Sage Holdings Limited

Profit and loss account for the year ended 30 September 2015

	Note	2015 £'000	2014 £'000
Income from shares in group undertakings	1	-	246,758
Operating profit		-	246,758
Interest receivable and similar income	2	-	189
Interest payable and similar charges	3	(2,260)	(1,249)
(Loss)/Profit on ordinary activities before taxation	4	(2,260)	245,698
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/Profit for the financial year	13	(2,260)	245,698

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 2015 and 2014.

Sage Holdings Limited

Balance sheet as at 30 September 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	6	602,066	581,586
Current assets			
Debtors	7	9,005	9,008
Cash at bank and in hand		1	1
Total current assets		9,006	9,009
Creditors: amounts falling due within one year	8	(439)	(440)
Net current assets		8,567	8,569
Total assets less current liabilities		610,633	590,155
Creditors: amounts falling due after more than one year	9	(22,738)	-
Net assets		587,895	590,155
Capital and reserves			
Called up share capital	10	158,075	158,075
Share premium account	11	39,517	39,517
Other reserves	12	22,438	22,438
Profit and loss account	13	367,865	370,125
Total shareholders' funds	14	587,895	590,155

The financial statements on pages 5 to 14 were approved by the board of directors on 27 June 2016 and were signed on its behalf by:



J-H F. Liepe
Director

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".

Foreign currency

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. The carrying value of investment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If such indications exist the asset's recoverable amount, being the higher of value in use and net realisable value, is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

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. The Sage Group plc, together with its subsidiaries constitutes the "Group".

Taxation

Taxation comprises current tax. Current tax is the expected tax payable (or recoverable) for the current period using the average tax rate for the financial period, and any adjustments to tax payable in respect of previous periods.

Key accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates and assumptions by management. It also requires management to exercise its judgement in the process of applying the accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information. The areas involving a higher degree of judgement or complexity are described below.

Investment in subsidiary undertakings

Judgement is required in the assessment of the carrying amount of investment in the Company's subsidiary undertakings. Estimation of the recoverable amount of investment requires the Company to assess future cash flows projected to be generated by the subsidiaries, which in turn is dependent upon a variety of factors including prevailing economic conditions and consumer demand for the subsidiaries' product.

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Statement of accounting policies (continued)

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.

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Notes to the financial statements for the year ended 30 September 2015

1 Income from shares in group undertakings

Income from shares in group undertakings comprises dividend income from Sage Software North America.

2 Interest receivable and similar income

	2015 £'000	2014 £'000
Foreign exchange gains	-	189

3 Interest payable and similar charges

	2015 £'000	2014 £'000
Interest on loans from group undertakings	1,062	1,249
Foreign exchange gains/losses	1,198	-
Total interest payable and similar charges	2,260	1,249

4 (Loss)/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 (2014: £nil). No other persons were employed during the year (2014: none).

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Notes to the financial statements for the year ended 30 September 2015 (continued)

5 Tax on (loss)/profit on ordinary activities

(a) Analysis of charge in the year

There was no tax charge in the current and prior year.

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2014: lower) than the standard rate of corporation tax in the UK 20.5% (2014: 22%). The differences are explained below.

	2015 £'000	2014 £'000
(Loss)/Profit on ordinary activities before taxation	(2,260)	245,698
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.5% (2014: 22%)	(463)	54,054
Effects of:		
Group relief surrendered for no payment	463	233
Non-taxable dividend income	-	(54,287)
Total current tax charge	-	-

No deferred tax has been recognised (2014: £nil).

(c) Factors that may affect future tax charges

The main rate of Corporation Tax in the UK changed from 21% to 20% from 1 April 2015. Accordingly the company's results for this accounting period are taxed at an effective rate of 20.5% in the 2015 year (2014: 22%).

In addition to the changes in rates of Corporation Tax disclosed above, a number of changes to the UK Corporation Tax system are proposed. The Corporation Tax rate will be 19% for the years starting the 1 April 2017, 2018 and 2019 and will reduce further to 18% for the year starting 1 April 2020 onwards.

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

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Notes to the financial statements for the year ended 30 September 2015 (continued)

6 Fixed asset investments

	£'000
Cost and net book value at 1 October 2014	581,586
- Additions	20,480
Cost and net book value At 30 September 2015	602,066

The Company has the following interests at 30 September 2015:

Company	Country of incorporation	Direct or Indirect Holding	% ownership of ordinary shares
Sage Software North America	US	Direct	99.9%
Sage Software Holdings Inc.	US	Indirect	100%
Sage Software, Inc.	US	Indirect	100%
PAI Services LLC	US	Indirect	100%
Sage Payment Solutions EFT, Inc.	US	Indirect	100%
Sage Payment Solutions, Inc.	US	Indirect	100%
Sage Software Canada Holdings Limited	Canada	Indirect	100%
Sage Software Canada Limited	Canada	Indirect	100%
Sage Software International, Inc.	US	Indirect	100%
Sage Global Services US, Inc.	US	Indirect	100%
BSG (Best Software Ger.)	Germany	Indirect	100%

The investment in Sage Software North America, at a value of £602,066,000 is held by the company indirectly as a result of the company's direct investment in Sage Software Holdings Inc. 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 value in use. In assessing the existing value in use management have used a discount rate of 8.94%. Cash flows have been projected using management's most recent business forecast over the next five years. Beyond the five years the cash flows are extrapolated using an estimated long-term growth rate.

7 Debtors

	2015	2014
	£'000	£'000
Amounts owed by group undertakings	9,005	9,008

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

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Notes to the financial statements for the year ended 30 September 2015 (continued)

8 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Share of partnership liabilities	439	440

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

9 Creditors: amounts falling due after one year

	2015	2014
	£'000	£'000
Amounts owed to group undertakings	22,738	-

Amounts owed to group undertakings are unsecured, carry an interest charge of 5.19% and are repayable 15/10/2024.

10 Called up share capital

	2015	2014
	£'000	£'000
Allotted and fully paid		
158,069,212 ordinary shares of £1 each (2014: 158,069,212)	158,069	158,069
615,392,267 ordinary shares of 0.001p (2014: 615,392,267)	6	6
	158,075	158,075

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Notes to the financial statements for the year ended 30 September 2015 (continued)

11 Share premium account

	£'000
At 1 October 2014 and 30 September 2015	39,517

12 Other reserves

	£'000
At 1 October 2014 and 30 September 2015	22,438

Other reserves relates to a historic loan note converted into equity in 2008.

13 Profit and loss account

	£'000
At 1 October 2014	370,125
Loss for the financial year	(2,260)
At 30 September 2015	367,865

14 Reconciliation of movements in shareholders' funds

	2015 £'000	2014 £'000
(Loss)/Profit for the financial year	(2,260)	245,698
Shares issued during the year	-	158,069
Premium on shares issued during the year	-	39,517
Dividends paid	-	(246,758)
Opening shareholders' funds	590,155	393,629
Closing shareholders' funds	587,895	590,155

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Notes to the financial statements for the year ended 30 September 2015 (continued)

15 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 2015. Copies of the group financial statements can be obtained from the registered office at North Park, Newcastle upon Tyne, NE13 9AA.

16 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. The financial statements of The Sage Group plc are publicly available. There are no other related party transactions.