

Sage Holdings Limited
Directors' report and accounts
for the year ended 30 September 2003

Registered Number 3610110



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Directors' report and accounts
for the year ended 30 September 2003
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Sage Holdings Limited

Directors' report for the year ended 30 September 2003

The directors present their report and the audited financial statements of the company for the year ended 30 September 2003.

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 (2002: £Nil).

Directors and their interests

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

P S Harrison

P A Walker

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 ultimate parent The Sage Group plc are set out in the annual report of that company for the year ended 30 September 2003.

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 2003 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the Board



P S Harrison

Director

28 July 2004

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.

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 2003 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

28 July 2004

Sage Holdings Limited

Profit and loss account for the year ended 30 September 2003

	Note	2003 £'000	2002 £'000
Income from shares in group undertakings		7,418	8,124
Interest receivable and similar income	2	6,123	7,764
Interest payable and similar charges	3	(20,776)	(21,352)
Loss on ordinary activities before taxation		(7,235)	(5,464)
Taxation on loss on ordinary activities	4	662	(220)
Loss for the year transferred from reserves	11,12	(6,573)	(5,684)

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

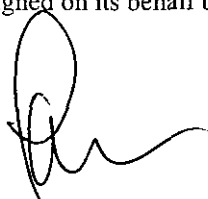
There is no material difference between the reported losses and the historical cost losses for 2003 and 2002.

Sage Holdings Limited

Balance sheet as at 30 September 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Investments	5	495,035	495,035
Current assets			
Debtors	6	29,074	21,610
		29,074	21,610
Creditors: amounts falling due within one year	7	(194,554)	(175,466)
Net current liabilities		(165,480)	(153,856)
Total assets less current liabilities		329,555	341,179
Creditors: amounts falling due in more than one year	8	(180,874)	(185,925)
Net assets		148,681	155,254
Capital and reserves			
Called up equity share capital	9	-	-
Share premium account	10	201,765	201,765
Profit and loss account	11	(53,084)	(46,511)
Equity shareholders' funds	12	148,681	155,254

The financial statements on pages 3 to 10 were approved by the board of directors on 28 July 2004 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

Deferred tax is accounted for under FRS 19, which requires a form of full provision for accounting for deferred tax, called the *incremental liability approach*. *Deferred tax is provided on timing differences where the company has an obligation to pay more tax in the future as a result of those timing differences.* Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. As permitted by FRS 19, the Group has adopted a policy of not discounting deferred tax assets and liabilities

Foreign currency translation

Foreign currency assets and liabilities are translated into sterling at rates of exchange ruling at the year end. All gains and losses are dealt with in the profit and loss account.

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.

Cashflow

The company is exempt under the provisions of Financial Reporting Standard 1 (revised 1996) from the requirement to prepare a cash flow statement, being a wholly owned subsidiary of a parent undertaking whose financial statements are publicly available.

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Notes to the financial statements for the year ended 30 September 2003

1 Employees and directors

Neither the directors nor the secretary received any emoluments during the year in respect of their services to the company (2002: £Nil).

No other persons were employed during the year (2002: Nil).

2 Interest receivable and similar income

	2003	2002
	£'000	£'000
Net exchange gains on translation of foreign currency loan	6,123	7,764

3 Interest payable and similar charges

	2003	2002
	£'000	£'000
On loans from group undertakings	20,776	21,352

4 Taxation

(a) Analysis of charge in the period

	2003	2002
	£'000	£'000
Current tax:		
UK Corporation tax on profits of the period	-	1,699
Adjustments in respect of previous periods	(662)	(1,479)
Total current tax	(662)	220
Total deferred tax	-	-
Tax on loss on ordinary activities	(662)	220

Sage Holdings Limited

(b) Factors affecting tax charge for the period

	2003 £'000	2002 £'000
Loss on ordinary activities before tax	(7,236)	(5,464)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	(2,171)	(1,639)
Effects of:		
Double tax relief	(1,207)	(1,054)
Additional income only recognised for tax purposes	362	316
Adjustment of tax charge in respect of previous periods	(662)	(1,479)
Group relief not paid	3,016	4,076
Current tax charge/(credit) for the period	(662)	220

(c) Factors that may affect future tax charges

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

5 Investments

	2003 £'000	2002 £'000
Cost:		
At beginning of year	495,035	476,471
Additions	-	18,564
At end of year	495,035	495,035

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

The company has the following interests at 30 September 2003:

Company	Country of Incorporation	Holding	Nature of Business
Subsidiaries:			
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.

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6 Debtors

	2003	2002
	£'000	£'000
Amounts owed by group undertakings	29,074	21,610

7 Creditors – Amounts falling due within one year

	2003	2002
	£'000	£'000
Amounts owed to group undertakings	194,554	174,804
Corporation tax	-	662
	194,554	175,466

8 Creditors – Amounts falling due in more than one year

	2003	2002
	£'000	£'000
Amounts owed to group undertakings	180,874	185,925

Included in the amounts owed to group undertakings is £90,566,000 (2002: £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 £90,308,000 (2002: £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

	2003	2002
	£'000	£'000
Authorised		
100,000 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
202 ordinary shares of £1 each	-	-

10 Share premium account

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

11 Profit and loss account

	£'000
At 30 September 2002	(46,511)
Loss for the year	(6,573)
At 30 September 2003	(53,084)

12 Reconciliation of movement in equity shareholders' funds

	2003	2002
	£'000	£'000
At beginning of year	155,254	160,938
Loss for the year	(6,573)	(5,684)
At end of year	148,681	155,254

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13 Parent undertaking and controlling party

The company's immediate and 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 North Park, Newcastle upon Tyne, NE13 9AA.

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.