

Sage Holdings Limited
Directors' report and accounts
for the year ended 30 September 2000

Registered Number 3610110



Sage Holdings Limited

Directors' report and accounts

for the year ended 30 September 2000

Contents

Directors' report for the year ended 30 September 2000.....	1
Auditors' report to the members of Sage Holdings Limited.....	2
Profit and loss account for the year ended 30 September 2000.....	3
Balance sheet as at 30 September 2000	4
Accounting policies.....	5
Notes to the financial statements for the year ended 30 September 2000.....	6

Sage Holdings Limited

Directors' report for the year ended 30 September 2000

The directors present their report and the audited financial statements of the company for the year ended 30 September 2000.

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.

During the year the company's authorised share capital was increased to 100,000 £1 shares.

Directors and their interests

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

P A Walker

P S Harrison (appointed 10 April 2000)

A J Hughes (resigned 10 April 2000)

The directors who served during the year, had no interest in the shares of the company at any time during the year, or prior period. 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 2000.

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 2000 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, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



N Cooper
Secretary

19 July 2001

Sage Holdings Limited

Auditors' report to the members of Sage Holdings Limited

We have audited the financial statements on pages 3 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
19 July 2001

Sage Holdings Limited

Profit and loss account for the year ended 30 September 2000

	Note	2000 £'000	For the 13 months ended 30 September 1999 £'000
Income from shares in group undertakings		5,210	-
Interest payable and similar charges	2	(25,450)	(7,502)
Loss on ordinary activities before taxation		(20,240)	(7,502)
Taxation on loss on ordinary activities	3	(443)	-
Loss for the year transferred from reserves	11	(20,683)	(7,502)

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 2000 and 1999.

Sage Holdings Limited

Balance sheet as at 30 September 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Investments	4	280,077	89,720
Current assets			
Debtors	5	5,210	-
		5,210	-
Creditors: amounts falling due within one year	6	(115,069)	(97,222)
Net current liabilities		(109,859)	(97,222)
Total assets less current liabilities		170,218	(7,502)
Creditors: amounts falling due in more than one year	7	(193,032)	-
Net liabilities		(22,814)	(7,502)
Capital and reserves			
Called up equity share capital	8	-	-
Share premium account	9	5,371	-
Profit and loss account	10	(28,185)	(7,502)
Equity shareholders' funds	11	(22,814)	(7,502)

The financial statements on pages 3 to 10 were approved by the board of directors on 19 July 2001 and were signed on its behalf by:



PS 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

Provision is made for deferred taxation on the liability method in respect of timing differences only to the extent that a liability is expected to arise in the foreseeable future.

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 period.

Sage Holdings Limited

Notes to the financial statements for the year ended 30 September 2000

1 Employees and directors

Neither the directors nor the secretary received any emoluments during the year in respect of their services to the company (1999: Nil).

No other persons were employed during the year (1999: Nil).

2 Interest payable

	2000 £'000	1999 £'000
On loans from group undertakings	17,263	7,502
Net exchange losses on translation of foreign currency loan	8,187	-
	25,450	7,502

3 Taxation

	2000 £'000	1999 £'000
UK corporation tax at 30%	2,043	-
Double taxation relief	(1,600)	-
	443	-

The tax charge arises on dividend income from a group US company.

Sage Holdings Limited

4 Investments

	2000	1999
	£'000	£'000
Cost:		
At beginning of year/period	89,720	-
Additions	466,580	179,440
Disposals – intra group	(276,223)	(89,720)
At end of year/period	280,077	89,720

As part of a group restructuring, the following acquisitions and subsequent intra group transfers occurred:

Peachtree Software, Inc. was transferred for £90,565,674 from The Sage Group plc on 21 December 1999, which was satisfied by an inter company loan. The investment was immediately transferred to Sagesoft Limited for an inter company loan of the same amount. On 11 February 2000 the investment was transferred from Sagesoft back to the company for £90,565,674, which was satisfied by the waiver of the principal amount outstanding on the intra group loan for the equivalent amount. It was subsequently disposed of for £90,565,674, which was satisfied by the allotment to the company of 49 ordinary £1 shares in Sage Quayside Limited and 51 £1 ordinary shares in Sage Jesmond Limited.

On 11 February 2000 Sage US Holdings, Inc. was acquired for consideration of £5,371,302 from The Sage Group plc, which was satisfied by the allotment of shares (see note 8). It was subsequently disposed of for £5,371,302, which was satisfied by the allotment to the company of 49 ordinary £1 shares in Sage Quayside Limited and 51 £1 ordinary shares in Sage Jesmond Limited.

The company's original investment in Sage US, Inc. was disposed of for £89,720,225, which was satisfied by the allotment to the company of 49 ordinary £1 shares in Sage Quayside Limited and 51 £1 ordinary shares in Sage Jesmond Limited. Sage US Inc subsequently issued \$150,000,000 of Series A Preferred Stock, on which cumulative dividends at 8% per annum accrue to the company. This was satisfied by cash of £94,419,790.

Sagesoft Limited was transferred from The Sage Group plc at nil value on 21 December 1999.

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

Following the restructure, the company has the following interests at 30 September 2000:

Company	Country of Incorporation	Holding	Nature of Business
Sage US, Inc	US	Preferred Stock -100% ¹	Holding company
Sagesoft Limited	United Kingdom	Ordinary shares– 100%	Dormant 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.

Sage Holdings Limited

5 Debtors

	2000	1999
	£'000	£'000
Amounts owed by group undertakings	5,210	-

6 Creditors – Amounts falling due within one year

	2000	1999
	£'000	£'000
Amounts owed to group undertakings	114,626	97,222
Corporation tax	443	-
	115,069	97,222

7 Creditors – Amounts falling due in more than one year

	2000	1999
	£'000	£'000
Amounts owed by group undertakings	193,032	-

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 £102,466,000 owed to group undertakings is due for repayment in 2020 and interest is charged at 6.5% per annum.

Sage Holdings Limited

8 Called up equity share capital

	2000	1999
	£	£
Authorised		
Ordinary shares of £1 each	100,000	100
Allotted , called up and fully paid		
Ordinary shares of £1 each	200	100

During the year the authorised share capital was increased to £100,000 by the creation of 99,900 ordinary shares of £1 each.

100 £1 ordinary shares were issued in respect of the transfer of the investment in Sage US Holdings, Inc for £5,371,302. The amount transferred to share premium was £5,371,202.

9 Share premium account

	£'000
At 30 September 1999	-
Issue of shares	5,371
At 30 September 2000	5,371

10 Profit and loss account

	£'000
At 30 September 1999	(7,502)
Loss for the year	(20,683)
At 30 September 2000	(28,185)

Sage Holdings Limited

11 Equity shareholders' funds

	2000	1999
	£'000	£'000
At beginning of year/period	(7,502)	-
Loss for the year	(20,683)	(7,502)
Issue of shares	5,371	-
At end of year/period	(22,814)	(7,502)

12 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.

13 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 Disclosure", not to include details of transactions with other companies which are subsidiaries of The Sage Group plc. There are no other related party transactions.

14 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.