

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

Registered number: 08319044

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

Directors' report for the year ended 30 September 2015

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

Principal activity

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

Directors

The directors who served during the period and up to the date of signing the financial statements are set out below:

M J Robinson

J P C Swift

D M Fisher (resigned 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 also 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.

Sage Treasury Company Limited

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.

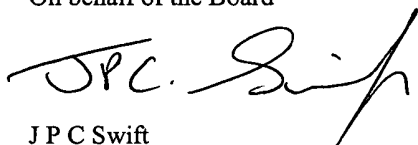
Disclosure of information to auditors

Each 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 section 418 of the Companies Act 2006.

On behalf of the Board



J P C Swift

Director

27 June 2016

Independent auditors' report to the members of Sage Treasury Company Limited

We have audited the financial statements of Sage Treasury Company Limited for the year ended 30 September 2015 which comprise of the profit and loss account, balance sheet and the related notes 1 to 14. 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 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.

Independent auditors' report to the members of Sage Treasury Company 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 Treasury Company Limited

Profit and loss account for the year ended 30 September 2015

		2015	2014
	Note	£'000	£'000
Administrative expenses	6	(11,645)	-
Income from shares in group undertakings	1	-	7,285
Operating profit		(11,645)	7,285
Interest receivable and similar income	2	54,462	37,376
Interest payable and similar charges	3	(7,108)	(22,082)
Profit on ordinary activities before taxation	4	35,709	22,579
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	11	35,709	22,579

All amounts relate 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 and losses

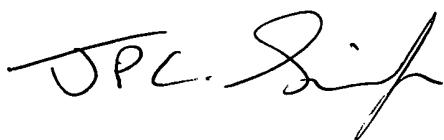
There is no material difference between the reported profits and the historical profits for 2015 and 2014.

Sage Treasury Company Limited

Balance sheet as at 30 September 2015

	Note	2015 £'000	2014 £'000
Non-current assets			
Investments	6	131,039	159,130
Current assets			
Cash at bank and in hand		980	2,479
Debtors: amounts falling due after more than one year	7	1,572,270	1,244,618
Total assets		1,704,289	1,406,227
Creditors: amounts falling due within one year	8	(4,659)	(3,462)
Net current assets		1,568,591	1,243,635
Total assets less current liabilities		1,699,630	1,402,765
Creditors: amounts falling due after more than one year	9	(1,654,568)	(1,393,412)
Net assets		45,062	9,353
Capital and reserves			
Called up share capital	10	5,000	5,000
Profit and loss account	11	40,062	4,353
Total shareholders' funds	12	45,062	9,353

The financial statements on pages 5 to 12 were approved by the board of directors on 27 June 2016 and were signed on its behalf by:



J P C Swift
Director

Sage Treasury Company Limited

Statement of accounting policies

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost 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".

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.

Foreign currencies

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.

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.

Sage Treasury Company Limited

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 USD Hedgeco 1.

2 Interest receivable and similar income

	2015	2014
	£'000	£'000
Interest receivable on cash and cash equivalents	10	3
Interest receivable on amounts owed by group undertakings	54,452	37,373
	54,462	37,376

3 Interest payable and similar charges

	2015	2014
	£'000	£'000
Interest payable on external borrowings	15,224	8,538
Foreign exchange (gain)/loss	(26,843)	373
Loan amortisation costs	1,065	471
Interest payable on amounts owed to group undertakings	17,556	12,602
Bank charges	68	51
Other costs	38	47
	7,108	22,082

4 Profit on ordinary activities before taxation

Auditors' remuneration is borne by the ultimate parent company, The Sage Group plc, for the year.

The directors did not receive any emoluments during the year in respect of their services to the Company. No other persons were employed during the year.

Sage Treasury Company Limited

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

5 Tax on profit on ordinary activities

(a) Analysis of charge in the year

There was no tax charge in the year (2014: nil).

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (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
Profit on ordinary activities before taxation	35,709	22,579
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.5% (2014: 22%)	7,320	4,967
Effects of:		
Non-taxable dividend income	-	(1,603)
Non-deductible impairment	2,388	-
Group relief utilised not paid	(9,708)	(3,364)
Total current tax charge	-	-

The Company has not recognised any deferred tax at the balance sheet date.

(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.

Sage Treasury Company Limited

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

6 Investments

Cost	£'000
At 1 October 2014	159,130
Investment in subsidiary undertaking	68,969
Share redemption from subsidiary undertaking	(85,415)
At 30 September 2015	142,684
Impairment	
At 1 October 2014	-
Impairment in the year	11,645
At 30 September 2015	11,645
Net book value at 30 September 2015	131,039

The Company has the following interests at 30 September 2015:

Company	Country of incorporation	Direct or Indirect Holding	% ownership of ordinary shares
Sage Euro Hedgeco 1	UK	Direct	100%
Sage Euro Hedgeco 2	UK	Indirect	100%
Sage USD Hedgeco 1	UK	Direct	100%
Sage USD Hedgeco 2	UK	Indirect	100%

The impairment in Sage Treasury Company Limited is driven only by adverse movements in the foreign exchange which negatively impacts the net assets of its subsidiaries.

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

7 Debtors: amounts falling due after more than one year

	2015 £'000	2014 £'000
Amounts owed by group undertakings	1,572,270	1,244,618

All amounts owed by group undertakings are due in more than one year and are unsecured. £11,320,000 (2014: £24,553,000) is interest free and carries no fixed term. £810,415,000 (2014: £689,393,000) is charged interest at rates ranging from 2.38% and 6.05%. The remaining £750,535,000 (2014: £530,672,000) is charged interest at the 1 month Libor rate plus a mark-up of 1.5%.

Sage Treasury Company Limited

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

8 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans and overdrafts (note 9)	-	66
Accrued interest on borrowings	4,659	3,396
Total creditors: amounts falling due within one year	4,659	3,462

9 Creditors: amounts falling due after more than one year

	2015 £'000	2014 £'000
Bank loans and overdrafts	538,572	353,852
Amounts owed to group undertakings	1,115,996	1,039,560
Total creditors: amounts falling due after more than one year	1,654,568	1,393,412

Amounts due to group undertakings are due after more than one year and are unsecured. £445,311,000 (2014: £483,238,000) is interest free and carries no fixed term. £286,937,000 (2014: £256,748,000) is charged interest at rates ranging from 2.38% and 6.05%. The remaining £383,747,000 (2014: £299,574,000) is charged interest at the 1 month Libor rate plus a mark-up of 1.5%. Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption being recognised in the income statement over the period of borrowing on an effective interest basis.

Bank loans falling due after more than one year are unsecured and are repayable between 2018 and 2025, as follows:

Bank loans	2015 £'000	2014 £'000
Between two and five years	211,518	138,876
After five years	327,054	214,976
	538,572	353,852
On demand or within one year	-	66
	538,572	353,918

Interest on these loans is charged at rates ranging from 2.6% to 3.86% per annum. Bank loans are stated net of unamortised issue costs. Sage Treasury Company Limited has in the year incurred total issue costs amounting to £0.8m in respect of the note issue into the USD private placement market.

Sage Treasury Company Limited

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

10 Called up share capital

	2015 £	2014 £
Allotted and fully paid		
5,000,001 (2014: 5,000,001) ordinary shares of £1 each	5,000,001	5,000,001

11 Profit and loss account

	£'000
At 1 October 2014	4,353
Profit for the financial year	35,709
At 30 September 2015	40,062

12 Reconciliation of movements in shareholders' funds/ (deficit)

	2015 £'000	2014 £'000
Profit/ (loss) for the financial year/period	35,709	22,579
Shares issued during the year	-	5,000
Opening shareholders' funds/(deficit)	9,353	(18,226)
Closing shareholders' funds/ (deficit)	45,062	9,353

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. 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.

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 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.