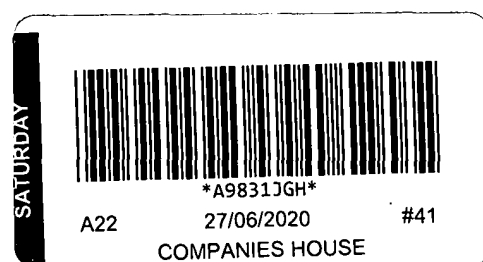


Registration number 08319044

Sage Treasury Company Limited
Report and Financial Statements
Year ended 30 September 2019



Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Contents

Directors' Report	3
Statement of Directors' responsibilities	5
Independent auditor's report to the shareholders of Sage Treasury Company Limited	6
Income statement and other comprehensive income	9
Balance Sheet	10
Statement of changes in equity	11
Notes	12

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Directors' Report

The directors present their report and the audited financial statements of Sage Treasury Company Limited ("the Company") for the year ended 30 September 2019.

Principal activity

The principal activity of the Company throughout the year has been that of a finance company and will remain as such for the foreseeable future.

Results and dividends

The profit for the year amounted to £10,260,000 (2018: £59,555,000) and is reflective of the activity during the period. The directors do not recommend the payment of a dividend.

Directors

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

V L Bradin
S J Rolls
L A Flowerdew (resigned on 30 August 2019)
J McDonough (appointed on 30 August 2019 and resigned on 1 March 2020)
J Thomas (appointed on 12 March 2020)

Indemnity provisions

The ultimate parent company, The Sage Group plc ("the Group"), 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.

Subsequent event

The COVID-19 pandemic has caused significant social and economic disruption in the markets in which Sage operates. The Group's response to the pandemic has been to ensure the wellbeing of colleagues, to continue serving and supporting our customers, and to remain focused on our SaaS transition strategy. With the Group's focus on high quality recurring and subscription-based revenues, and strong liquidity position, Sage has entered the COVID-19 pandemic in a strong operational and financial position. As a result, the effect on the Company's financial performance to date has been limited. However, there remains a high level of uncertainty regarding the extent of the crisis and impact of associated lockdowns.

As the outbreak of COVID-19 occurred after 30 September 2019 and to date the impact has been limited, it is considered to be a non-adjusting event under IAS 10 – Events after the reporting period. Therefore, no adjustments to the financial statements as at 30 September 2019 have been made. Given the high level of uncertainty it is not possible to estimate the financial effect of the COVID-19 disruption on the Company.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Directors' Report *(continued)*

Going concern

The directors have robustly tested the going concern assumption in preparing the financial statements. Given the non-trading nature of this entity there has been no impact from COVID-19 on Company performance, nor do we expect any impact moving forward. The directors are therefore satisfied that the going concern basis of preparation is appropriate.

Strategic report

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 the auditors

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

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DocuSigned by:

Sarah Rolls

1695604EC00849A...

On behalf of the Board

S J Rolls

Director

23 June 2020

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 *Reduced Disclosure Framework*.

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 for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAGE TREASURY COMPANY LIMITED

Opinion

We have audited the financial statements of Sage Treasury Company Limited for the year ended 30 September 2019 which comprise the Income statement and other comprehensive income, Balance sheet, Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Directors' report set out on pages 3 to 4, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Mark Morritt (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds, United Kingdom
25 June 2020

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Income statement and other comprehensive income

	Note	2019 £'000	2018 £'000
Income from participating interests	3	22,797	-
Operating profit	4	22,797	-
Finance income	5	56,147	113,944
Finance costs	6	(56,277)	(54,389)
Profit before income tax		22,667	59,555
Income tax expense	7	(12,407)	-
Profit for the year		10,260	59,555
Total comprehensive income		10,260	59,555

All the activities of the Company are classified as continuing.

The notes on pages 12 to 23 form part of these financial statements.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Balance Sheet

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments	8	1,037,659	77,984
Deferred income tax asset	9	5,589	-
Other financial assets		1,000	1,490
		1,044,248	79,474
Current assets			
Trade and other receivables	10		
- Due within 1 year		2,212,028	2,261,965
- Due after 1 year		196,008	1,221,703
Cash and cash equivalents		24,859	3,890
		2,432,895	3,487,558
Total assets		3,477,143	3,567,032
Current liabilities			
Trade and other payables	11	(2,175,237)	(2,159,649)
Borrowings	12	(122,050)	(8,430)
		(2,297,287)	(2,168,079)
Non-current liabilities			
Trade and other payables	11	(418,343)	(377,922)
Borrowings	12	(643,176)	(912,954)
		(1,061,519)	(1,290,876)
Total liabilities		(3,358,806)	(3,458,955)
Net assets		118,337	108,077
Equity attributable to owners of the parent			
Ordinary shares	13	5,000	5,000
Retained earnings	13	113,337	103,077
Total equity		118,337	108,077

These accounts were approved by the directors and authorised for issue on 23 June 2020, and are signed on their behalf by:

DocuSigned by:
Sarah Rolls
1695604EC00649A...

S J Rolls
Director

Company registration number: 08319044

The notes on pages 12 to 23 form part of these financial statements.

Registered number 08319044

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Statement of changes in equity

	<i>Note</i>	Ordinary shares £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2017		5,000	43,522	48,522
Profit for the year		-	59,555	59,555
Total comprehensive expense for the year ended 30 September 2018		-	59,555	59,555
Balance at 30 September 2018		5,000	103,077	108,077
Balance at 1 October 2018		5,000	103,077	108,077
Profit for the year		-	10,260	10,260
Total comprehensive Income for the year ended 30 September 2019		-	10,260	10,260
Balance at 30 September 2019		5,000	113,337	118,337

The notes on pages 12 to 23 form part of these financial statements.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes

1. Accounting policies

Sage Treasury Company Limited (the "Company") is a company incorporated and domiciled in England, it is a private company limited by shares and the Company's registered address is North Park, Newcastle upon Tyne, NE13 9AA.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the UK Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, The Sage Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of The Sage Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 15.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes, as required by IAS 7 *Statement of cash flows*;
- Comparative period reconciliations as required by paragraph 38 of IAS 1 *Presentation of financial statements* for share capital (paragraph 79(a)(iv) of IAS 1 *Presentation of financial statements*);
- Disclosures in respect of transactions with wholly owned subsidiaries, as required by IAS 24 *Related party disclosures*;
- Disclosures in respect of capital management, as required by paragraphs 134 to 136 of IAS 1 *Presentation of financial statements*;
- The effects of new but not yet effective IFRSs, as required by paragraphs 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and errors*;
- Disclosures in respect of the compensation of Key Management Personnel, as required by paragraph 17 of IAS 24 *Related party disclosures*; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company, as required by paragraph 17 of IAS 24 *Related party disclosures*.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continued)

1. Accounting policies (continued)

As the consolidated financial statements of The Sage Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening balance sheet at 1 October 2014 for the purposes of the transition to FRS 101.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Basis of preparation

The financial statements have been prepared on the historical cost basis. All amounts are presented in Great British Pounds (GBP) and are rounded to the nearest thousand.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements are prepared on a going concern basis and in accordance with the Companies Act 2006.

The directors have robustly tested the going concern assumption in preparing the financial statements. Given the non-trading nature of this entity there has been no impact from COVID-19 on Company performance, nor do we expect any impact moving forward. The directors are therefore satisfied that the going concern basis of preparation is appropriate.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into sterling at the rate prevailing at the dates of the transactions. All differences on exchange are taken to the income statement.

Finance income and costs

Finance income and costs are recognised using the effective interest method. Finance costs are recognised in the income statement simultaneously with the recognition of an increase in a liability or the reduction in an asset.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continue)

1. Accounting policies (continued)

Income tax expense

The taxation expense for the year represents the sum of current tax payable and deferred tax. The expense is recognised in the income statement and statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax payable or receivable is based on the taxable income for the period and any adjustment in respect of prior periods. Current tax is measured at the amount expected to be recovered from or paid to the taxation authorities, calculated using tax rates that have been enacted at the end of the reporting period.

The Company and its fellow group undertakings are able to relieve their tax losses by surrendering them to other group companies, within the UK corporation tax group, where capacity to utilise these losses exists.

Investments

Fixed asset investments are stated at cost less provision for any diminution in value. Any impairment is charged to the profit and loss account as it arises.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of the Company's cash management are included in cash and cash equivalents where they have a legal right of set-off and there is an intention to settle net, against positive cash balances, otherwise bank overdrafts are classified as borrowings.

Borrowings

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 value being recognised in the income statement over the period of borrowing on an effective interest basis.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continued)

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised (i.e., removed from the Company's balance sheet) when the rights to receive cash flows from the asset have expired; or when the Company has transferred those rights and either has also transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but no longer has control of the asset.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Accounting estimates and judgements

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next year.

Recoverability of investments

Determining whether investments are impaired required an estimate of the value-in-use or assessment of the assets and liabilities in the investment group. Where an estimate of the value-in-use is used, the key assumptions applied in the calculation relate to the future performance expectations of the business – average medium-term revenue growth, long term operating margin and long-term growth rate – as well as the discount rate to be applied in the calculation.

The carrying value of investments at 30 September 2019 was £1,037,659,000 (2018: £77,984,000) and no impairment loss has been recognised in the year (2018: £nil).

Recoverability of amounts owed by group undertakings

Determining whether amounts owed by group undertakings are recoverable requires a determination of whether the other party is able to repay. This is performed by assessing the assets and liabilities of the other party.

The carrying value of amounts owed by group undertakings at 30 September 2019 was £2,408,017,000 (2018: £3,483,648,000) and no impairment loss has been recognised in the year (2018: £nil).

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continued)

3. Income from participating interests

	2019	2018
	£'000	£'000
Share of profit of participating interest	22,797	-

Income from participating interests relates to the Company's share of profits from its limited partnership interest in Sage US LLP. In 2018, the Company's ownership was classified as a preferred partnership interest, resulting in the investment being recognised as a debt instrument with income being recognised in Finance Income.

4. Operating profit

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

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of its parent The Sage Group plc.

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.

5. Finance income

	2019	2018
	£'000	£'000
Bank interest receivable	122	18
Interest receivable from group undertakings	46,501	39,297
Preferred partnership interest from group undertakings	-	52,848
Net foreign exchange gains	9,524	21,781
	56,147	113,944

6. Finance costs

	2019	2018
	£'000	£'000
Finance costs on bank borrowings	25,878	28,465
Amortisation of issue costs	1,022	1,889
Bank interest payable	9	59
Interest payable to group undertakings	28,833	23,321
Fair value loss on derivative assets	490	610
Other costs	45	45
	56,277	54,389

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continued)

7. Income tax expense

	2019 £'000	2018 £'000
Current tax expense		
Current year	15,345	-
Correction to prior year's expense	2,651	-
	17,996	-
Deferred tax (credit)	(5,589)	-
Total income tax expense	12,407	-

Reconciliation of effective tax rate

The tax charge for the year is lower than (2018: lower) the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%). The differences are explained below:

	2019 £'000	2018 £'000
Profit before income tax	22,667	59,555
<i>Tax calculated at UK standard rate of corporation tax of 19.0% (2018: 19.0%)</i>	4,307	11,315
Non-taxable foreign exchange gain	-	(4,816)
Non-deductible expenses and permanent items*	10,618	-
Adjustments in respect of prior period	2,651	-
Effect of imputed interest	(1,208)	(11,186)
Other income	310	2,796
Other timing differences	657	-
Group relief surrendered for no payment	(4,928)	1,891
Total income tax credit recognised	12,407	-

* The Company has recognised certain provisions in respect of tax which involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority. This approach resulted in providing £11m as at 30 September 2019 (2018: nil)

EU State Aid

The Company continues to monitor developments following the EU Commission's decision published on 25 April 2019 in respect of its State Aid investigation into the UK's Controlled Foreign Company regime. The EU Commission concluded that the UK law did not comply with EU State Aid rules in certain circumstances. The UK Government has appealed to the European Court seeking annulment of the EC Commission's decision. The Company, in line with a number of UK corporates, is making a similar appeal. The Company has calculated its maximum potential liability, to be approximately £11m. Based on current advice, we consider that no provision is required at this time. The assessment of uncertain tax positions is subjective and significant management judgement is required. This judgement is based on current interpretation of legislation, management experience and professional advice.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continued)

8. Investments

	£'000
Cost	
At 1 October 2018	85,776
Investment in subsidiary undertaking	1,001,035
Share redemption from subsidiary undertaking	(41,360)
At 30 September 2019	1,045,451
Provision for diminution in value	
At 1 October 2018 and 30 September 2019	7,792
Net book value	
At 30 September 2019	1,037,659

	£'000
Cost	
At 1 October 2017	87,584
Investment in subsidiary undertaking	30,321
Share redemption from subsidiary undertaking	(32,129)
At 30 September 2018	85,776
Provision for diminution in value	
At 1 October 2017 and 30 September 2018	7,792
Net book value	
At 30 September 2018	77,984

Investments represent shares / memberships in subsidiary undertakings.

The increase in investment represents a change in the Company's investment in Sage US LLP from a preferred partnership interest to a limited partnership interest on 1 October 2018. In the year-ending 2018, the investment was classified as Trade and other receivables due to the nature of the investment having attributes of debt. Upon the change in investment type, the investment took on the attributes of equity and thus has been reclassified to Investments.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continued)

8. Investments (continued)

The following table lists the Company's subsidiary undertakings.

	Country of incorporation	Indirect/Direct holding	Interest	
			2019	2018
Sage Euro Hedgeco 1 ¹	UK	Direct	100%	100%
Sage USD Hedgeco 1 ¹	UK	Direct	100%	100%
Sage Euro Hedgeco 2 ¹	UK	Indirect	100%	100%
Sage USD Hedgeco 2 ¹	UK	Indirect	100%	100%
Sage US LLP ^{1*}	UK	Direct	99.99%	99.99%
Sage Treasury Ireland Unlimited Company ²	Ireland	Direct	100%	100%

¹ Subsidiary registered address is North Park, Newcastle upon Tyne, NE13 9AA.

² Subsidiary registered address is Number One Central Park, Leopardstown, Dublin 18

*The investment is that of a limited partnership in which the Company only has rights to the share in profit. In 2018, the Company's investment was a preferred partnership which only gave exclusive rights to interest earned by Sage US LLP.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continued)

9. Deferred income tax asset

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2019	2018
	£'000	£'000
Other	5,589	-
	5,589	-

The movements in deferred tax assets during the year are shown below.

	Total
	£'000
At 1 October 2018	-
Income statement credit	5,589
At 30 September 2019	5,589

10. Trade and other receivables

	2019	2018
	£'000	£'000
Current		
Amounts owed by group undertakings	2,212,009	2,261,945
Prepayments and accrued income	19	20
	2,212,028	2,261,965
Non-current		
Amounts owed by group undertakings	196,008	1,221,703
	2,408,036	3,483,668

Non-current amounts owed by Group undertakings are unsecured and attract a rate of interest of between LIBOR and 5.19% (2018: between LIBOR and 5.19%).

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continued)

11. Trade and other payables

	2019 £'000	2018 £'000
Current		
Amounts owed to group undertakings	2,155,692	2,154,572
Corporate tax payable	14,250	-
Accruals	5,295	5,077
	2,175,237	2,159,649
Non-current		
Amounts owed to group undertakings	418,343	377,922
	2,593,580	2,537,571

Non-current amounts owed to Group undertakings are unsecured and attract a rate of interest of 4.23% (2018: 4.23%).

12. Borrowings

	2019 £'000	2018 £'000
Current		
Overdrafts -unsecured	-	8,430
US senior loan notes - unsecured	122,050	-
	122,050	8,430
Non-current		
Bank loans - unsecured	242,639	416,054
US senior loans notes - unsecured	400,537	496,900
	643,176	912,954
Total borrowings	765,226	921,384

Included in loans above is £765,226,000 (2018: £915,622,000) of unsecured loans and US senior loan notes, after unamortised issue costs of £2,699,000 (2018: £2,668,000).

Unsecured bank loans attracted an average interest rate of 2.6% during the year.

Sage Treasury Company Limited
 Year ended 30 September 2019
 Report and Financial Statements

Notes (continued)

12. Borrowings (continued)

Borrowings	Year issued	Interest coupon	Maturity	2019 £'000	2018 £'000
USD 150m loan note	2013	3.08%	20-May-20	122,050	115,013
USD 150m loan note	2013	3.71%	20-May-23	122,050	115,013
USD 50m loan note	2013	3.86%	20-May-25	40,683	38,338
EUR 55m loan note	2015	1.89%	26-Jan-22	48,793	48,980
EUR 30m loan note	2015	2.07%	26-Jan-23	26,615	26,717
USD 200m loan note	2015	3.73%	26-Jan-25	162,734	153,350
Total Loan Notes				522,925	497,411
Bank loans - unsecured				245,000	418,211
Less unamortised issue costs				(2,699)	(2,668)
Overdrawn cash balances				-	8,430
				765,226	921,384

13. Equity

	2019 shares	2019 £'000	2018 shares	2018 £'000
Issued and fully paid				
Ordinary shares of £1 each	5,000,001	5,000	5,000,001	5,000

Retained earnings represent cumulative comprehensive income less dividends paid.

Sage Treasury Company Limited
Year ended 30 September 2019
Report and Financial Statements

Notes (continued)

14. Financial instruments

As the consolidated financial statements of The Sage Group plc include the equivalent disclosures, the Company has taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures. The disclosures below cover statutory balances in relation to Amounts owed by / to group undertakings that are not covered in The Sage Group plc consolidated financial statements.

Fair value measurement of financial assets and financial liabilities

Amounts owed by group undertakings and amounts owed to group undertakings are initially measured at fair value and are subsequently measured at amortised cost. The directors of the Company consider that the carry amounts of the financial assets and financial liabilities recognised in the financial statements approximate their fair values.

15. Ultimate parent company

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

16. Post balance sheet event

The COVID-19 pandemic has caused significant social and economic disruption in the markets in which Sage operates. The Group's response to the pandemic has been to ensure the wellbeing of colleagues, to continue serving and supporting our customers, and to remain focused on our SaaS transition strategy. With the Group's focus on high quality recurring and subscription-based revenues, and strong liquidity position, Sage has entered the COVID-19 pandemic in a strong operational and financial position. As a result, the effect on the Company's financial performance to date has been limited. However, there remains a high level of uncertainty regarding the extent of the crisis and impact of associated lockdowns.

As the outbreak of COVID-19 occurred after 30 September 2019 and to date the impact has been limited, it is considered to be a non-adjusting event under IAS 10 – Events after the reporting period. Therefore, no adjustments to the financial statements as at 30 September 2019 have been made. Given the high level of uncertainty it is not possible to estimate the financial effect of the COVID-19 disruption on the Company.