

Registered number: 08319044

SAGE TREASURY COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020



SAGE TREASURY COMPANY LIMITED

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SAGE TREASURY COMPANY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The Directors present their report and the financial statements for the year ended 30 September 2020.

Principal activity

The principal activity of Sage Treasury Company Limited (the "Company") throughout the year has been that of a finance company and will remain as such for the foreseeable future.

Dividends

The profit for the year, after taxation, amounted to £48,867,000 (2019 - £10,260,000).

No dividends were declared and paid during the year (2019: nil).

Directors

The Directors who served during the year were:

Victoria Louise Bradin
Sarah Jane Rolls (resigned 30 September 2020)
Julia McDonough (resigned 1 March 2020)
James Thomas (appointed 12 March 2020)
Jacqui Cartin (appointed 6 August 2020)

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.

COVID-19

Early in the COVID-19 crisis, the Group moved decisively to protect the health and wellbeing of our colleagues, and to provide continued support to our customers and partners. While the pandemic continues to create uncertainty for small and medium businesses, moderating the Group's growth in the short-term, our consistent focus on customer success has supported our performance to date.

At the same time, the pace of digital transformation among small and medium businesses is increasing, and delivering Sage Business Cloud innovations as scheduled throughout the year has positioned the Group well to support customers as they adopt new digital solutions. In FY21, the Group's planned investment in Sage Business Cloud and particularly in cloud native solutions, together with continued focus on embedding SaaS capability and culture, are expected to drive further progress on our journey to becoming a great SaaS company.

Going concern

The Directors have robustly tested the going concern assumption in preparing the financial statements, which included consideration of COVID-19 impacts on the Company, and the Directors remain satisfied that the going concern basis of preparation is appropriate. However, as the COVID-19 pandemic currently continues, the Company's ultimate parent, The Sage Group plc, has provided the Company a letter of support for a period of 12 months from the date of this report, to enable the Company to meet its liabilities as and when they become due, as a means to provide the Directors with further confidence that the going concern basis of preparation is appropriate.

SAGE TREASURY COMPANY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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.

Post balance sheet events

There have been no significant subsequent events identified at the date of this report which would impact the Company.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

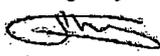
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors 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.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

A5B9A5E29C2E442
James Thomas
Director

Date: 17 December 2020

SAGE TREASURY COMPANY LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

SAGE TREASURY COMPANY LIMITED

INDEPENDENT AUDITORS' 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 2020 which comprise the Statement of 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" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2020 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 annual report, 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 year for which the financial statements are

SAGE TREASURY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAGE TREASURY COMPANY LIMITED

prepared is consistent with the financial statements; and
- the directors' report have 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

SAGE TREASURY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAGE TREASURY COMPANY LIMITED

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

Andrew Davison (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
18 December 2020

SAGE TREASURY COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £000	2019 £000
Income from participating interests	4	87,355	22,797
Finance income	6	39,559	56,147
Finance costs	7	(67,782)	(56,277)
Profit before income tax		<u>59,132</u>	<u>22,667</u>
Income tax expense	8	(10,265)	(12,407)
Profit for the financial year		<u>48,867</u>	<u>10,260</u>
Total comprehensive income for the year		<u>48,867</u>	<u>10,260</u>

The notes on pages 11 to 21 form part of these financial statements.

SAGE TREASURY COMPANY LIMITED
REGISTERED NUMBER: 08319044

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

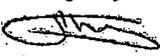
	Note	2020 £000	2019 £000
Non-current assets			
Investments	9	953,800	1,037,659
Trade and other receivables	10	-	196,008
Deferred tax assets		-	5,589
Other financial assets		1,000	1,000
		<u>954,800</u>	<u>1,240,256</u>
Current assets			
Trade and other receivables	10	1,583,349	2,212,028
Cash and cash equivalents		610,759	24,859
		<u>2,194,108</u>	<u>2,236,887</u>
Total assets		<u>3,148,908</u>	<u>3,477,143</u>
Current liabilities			
Trade and other payables	11	(2,104,993)	(2,175,237)
Borrowings	13	-	(122,050)
		<u>(2,104,993)</u>	<u>(2,297,287)</u>
Non current liabilities			
Trade and other payables	12	-	(418,343)
Borrowings	13	(876,711)	(643,176)
		<u>(876,711)</u>	<u>(1,061,519)</u>
Total liabilities		<u>(2,981,704)</u>	<u>(3,358,806)</u>
Net assets		<u>167,204</u>	<u>118,337</u>
Equity attributable to the owners of the parent			
Ordinary shares	14	5,000	5,000
Retained earnings	14	162,204	113,337
		<u>167,204</u>	<u>118,337</u>

SAGE TREASURY COMPANY LIMITED
REGISTERED NUMBER: 08319044

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2020

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

A5B9A5E29C2E442...
James Thomas
Director
Date: 17 December 2020

The notes on pages 11 to 21 form part of these financial statements.

SAGE TREASURY COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Ordinary shares £000	Retained earnings £000	Total equity £000
At 1 October 2018	5,000	103,077	108,077
Profit for the year	-	10,260	10,260
Total comprehensive income for the year	-	10,260	10,260
At 1 October 2019	5,000	113,337	118,337
Profit for the year	-	48,867	48,867
Total comprehensive income for the year	-	48,867	48,867
At 30 September 2020	5,000	162,204	167,204

The notes on pages 11 to 21 form part of these financial statements.

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. General information

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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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 16.

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.

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 3.

The financial statements have been prepared on the historical cost basis. All amounts are presented in Great British Pounds (GBP) and are round to the nearest £'000.

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, which included consideration of COVID-19 impacts on the Company, and the Directors remain satisfied that the going concern basis of preparation is appropriate. However, as the COVID-19 pandemic currently continues, the Company's ultimate parent, The Sage Group plc, has provided the Company a letter of support for a period of 12 months from the date of this report, to enable the Company to meet its liabilities as and when they become due, as a means to provide the Directors with further confidence that the going concern basis of preparation is appropriate.

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

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

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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;
- 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.

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.

2.3 Foreign currency translation

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.

2.4 Finance income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

2.9 Trade and other payables

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

2.10 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.

2.11 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.

2.12 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.

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.12 Financial instruments (continued)

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.

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

2.13 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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 requires 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 2020 was £961,592,000 (2019: £1,045,451,000) and no impairment loss has been recognised in the year (2019: £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 2020 was £1,583,195,000 (2019: £2,408,017,000) and no impairment loss has been recognised in the year (2019: £nil).

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. Income from participating interests

Income from participating interests relates to the Company's share of profits from its limited partnership interest in Sage US LLP.

5. 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.

6. Finance income

	2020 £000	2019 £000
Bank interest receivable	388	122
Interest receivable from group companies	39,171	46,501
Net foreign exchange gains	-	9,524
	<u>39,559</u>	<u>56,147</u>

7. Finance costs

	2020 £000	2019 £000
Finance costs on bank borrowings	21,723	25,878
Amortisation of issue costs	1,360	1,022
Bank interest payable	14	9
Net foreign exchange losses	11,466	-
Interest payable to group undertakings	33,138	28,833
Fair value loss on derivative assets	-	490
Other costs	81	45
	<u>67,782</u>	<u>56,277</u>

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

8. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	4,378	15,345
Adjustments in respect of previous periods	298	2,651
Total current tax	<u>4,676</u>	<u>17,996</u>
Deferred tax		
Origination and reversal of timing differences	5,589	(5,589)
Total deferred tax	<u>5,589</u>	<u>(5,589)</u>
Taxation on profit on ordinary activities	<u>10,265</u>	<u>12,407</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	<u>59,132</u>	<u>22,667</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	11,235	4,307
Effects of:		
Non-deductible tax expenses and permanent items	959	10,618
Adjustments to tax charge in respect of prior periods	298	2,651
Effect of imputed interest	(2,244)	(1,208)
Other income	401	310
Other timing differences	(384)	657
Group relief	-	(4,928)
Total tax charge for the year	<u>10,265</u>	<u>12,407</u>

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

8. Taxation (continued)

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 EU Commission's decision. The Company, in line with a number of UK corporates, has made a similar appeal. HMRC issued guidance on this issue in December 2019 and provided some key factors that should be considered in the quantification of the State Aid amount. The Company has made an assessment of the potential State Aid amount in accordance with HMRC's guidance. The Company has submitted its analysis to HMRC but remains of the view that State Aid is not applicable. Based on current advice, we consider that no provision is required at this time. However, the Company has estimated its maximum potential liability to be approximately £12m. 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.

9. Investments

	£000
Cost	
At 1 October 2019	1,045,451
Disposals	(83,859)
	<hr/>
At 30 September 2020	961,592
	<hr/>
Impairment	
At 1 October 2019	7,792
	<hr/>
At 30 September 2020	7,792
	<hr/>
Net book value	
At 30 September 2020	953,800
	<hr/> <hr/>
At 30 September 2019	1,037,659
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Disposals relate to the partial redemption of shares in the Company's subsidiaries. The value was settled through settlement of payables with these subsidiaries.

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

9. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Sage Euro Hedgeco 1 *	North Park, Newcastle upon Tyne, NE13 9AA	Ordinary	100%
Sage Euro Hedgeco 2	North Park, Newcastle upon Tyne, NE13 9AA	Ordinary	100%
Sage USD Hedgeco 1 *	North Park, Newcastle upon Tyne, NE13 9AA	Ordinary	100%
Sage USD Hedgeco 2	North Park, Newcastle upon Tyne, NE13 9AA	Ordinary	100%
Sage US LLP ^	North Park, Newcastle upon Tyne, NE13 9AA	Member's interest	99.99%
Sage Treasury Ireland Unlimited Company	Number One Central Park, Leopardstown, Dublin 18	Ordinary	100%

* Direct subsidiary

^ The investment is that of a limited partnership in which the Company only has rights to the share in profit

10. Trade and other receivables

	2020 £000	2019 £000
Non-current		
Amounts owed by group undertakings	-	196,008
	<u>-</u>	<u>196,008</u>
	<u>-</u>	<u>196,008</u>
Current		
Amounts owed by group undertakings	1,583,195	2,212,009
Prepayments and accrued income	154	19
	<u>1,583,349</u>	<u>2,212,028</u>

Non-current amounts owed by group undertakings are unsecured and attract a rate of interest of between LIBOR and 5.19% (2019: between LIBOR and 5.19%).

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

11. Trade and other payables

	2020 £000	2019 £000
Amounts owed to group undertakings	2,088,835	2,155,692
Corporation tax	11,569	14,250
Accruals	4,589	5,295
	<u>2,104,993</u>	<u>2,175,237</u>

12. Trade and other payables - non-current

	2020 £000	2019 £000
Amounts owed to group undertakings	-	418,343
	<u>-</u>	<u>418,343</u>

13. Borrowings

Analysis of the maturity of loans is given below:

	2020 £000	2019 £000
Current		
US senior loan notes - unsecured	-	122,050
	<u>-</u>	<u>122,050</u>
Non-current		
Bank loans - unsecured	489,932	242,639
US senior loan notes - unsecured	386,779	400,537
	<u>876,711</u>	<u>643,176</u>
Total borrowings	<u>876,711</u>	<u>765,226</u>

Included in loans above is £876,711,000 (2019: £765,226,000) of unsecured loans and US senior loan notes after unamortised issue costs of £3,910,000 (2019: £2,699,000).

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

				2020	2019	
	Borrowings	Year issued	Interest coupon	Maturity	£000	£000
USD 150M loan note		2013	3.08%	20-May-20	-	122,050
USD 150m loan note		2013	3.71%	20-May-23	116,180	122,050
USD 50m loan note		2013	3.86%	20-May-25	38,727	40,683
EUR 55m loan note		2015	1.89%	26-Jan-22	49,936	48,793
EUR 30m loan note		2015	2.07%	26-Jan-23	27,238	26,615
USD 200m loan note		2015	3.73%	26-Jan-25	154,907	162,734
Total loan notes					386,988	522,925
Bank loans - unsecured					493,633	245,000
Less unamortised issue costs					<u>(3,910)</u>	<u>(2,699)</u>
					876,711	765,226

Unsecured bank loans comprises a fixed term loan of £200,000,000 (2019: £200,000,000) expiring in September 2022 and £293,633,000 drawings (2019: £45,000,000) under the multi-currency revolving credit facility of £691,889,000 (2019: £720,028,000) expiring in February 2025, which consists both of US\$719,000,000/£556,889,000 (2019: US\$719,000,000/£585,028,000) and of £135,000,000 (2019: £135,000,000) tranches.

14. Equity

	2020	2019
	£000	£000
Allotted, called up and fully paid		
5,000,001 (2019 - 5,000,001) Ordinary shares of £1.00 each	5,000	5,000

Retained earnings represent cumulative comprehensive income less dividends paid.

SAGE TREASURY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

15. 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.

16. Immediate and 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.