

Registered number: 08319044

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**SAGE TREASURY COMPANY LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**



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**SAGE TREASURY COMPANY LIMITED**

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## **SAGE TREASURY COMPANY LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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The Directors of Sage Treasury Company Limited (the "Directors") present their report and the financial statements for the year ended 30 September 2021.

#### **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 £22,579,000 (2020 - £48,867,000).

No dividends were declared and paid during the year (2020: nil).

#### **Directors**

The Directors who served during the year were:

Victoria Louise Bradin  
Jacqui Cartin  
James Thomas

#### **Indemnity provisions**

The ultimate parent company, The Sage Group plc. ("Sage" or 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.

#### **COVID-19**

Since January 2020, the Covid-19 pandemic has brought and will continue to bring significant change to the global economic, social, political and business landscape. In response, the directors of The Sage Group plc. have continually reviewed the actual, emerging and potential impacts of the pandemic on the principal risks to identify any new risks or changes to existing risks and opportunities that may have arisen, with a specific lens on what could change the risk profile materially.

Throughout 2021, the Covid-19 Task Force of the Sage group of companies ("Sage" or the "Group") supported Sage's recovery approach, ensuring that colleagues, customers, and partners were being appropriately supported through the available resources and expertise that Sage has at hand. During the latter part of the year, the focus shifted to assisting colleagues with a safe return to an office environment.

#### **Going concern**

The Directors have robustly tested the going concern assumption in preparing the financial statements ensuring that the Company can continue to pay its liabilities as they fall due. This included reviewing the Company's cash position, net current asset position and obligations under debt arrangements with other Sage Group companies.

Based on the above and having closely reviewed the current performance and forecasts, the Directors remain satisfied that the Company has adequate resources to continue its operations for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

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**SAGE TREASURY COMPANY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**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 (section 414B) and the Company is therefore exempt from the requirement to prepare a Strategic Report.

**Disclosure of information to auditor**

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 auditor is 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 auditor is 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.

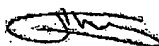
**Post balance sheet events**

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

**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.

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**James Thomas**  
**Director**

Date: 14 December 2021

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**SAGE TREASURY COMPANY LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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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 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;
- 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.

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## **SAGE TREASURY COMPANY LIMITED**

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

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#### **Opinion**

We have audited the financial statements of Sage Treasury Company Limited (the "company") for the year ended 30 September 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 15, 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 2021 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. 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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## **SAGE TREASURY COMPANY LIMITED**

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

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#### **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 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.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

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**SAGE TREASURY COMPANY LIMITED**

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

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006), the relevant direct and indirect tax compliance regulation in the jurisdictions in which the company operates and the EU General Data Protection Regulation (GDPR). In addition, the company has to comply with laws and regulations relating to its operations, data protection and anti-bribery and corruption.
- We understood how the company is complying with those frameworks by making enquiries of management and legal counsel being those responsible for legal and compliance procedures to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation such as the group Code of Conduct and correspondence from local legal counsel.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, performance targets and their influence on efforts made by management to manage earnings. We incorporated data analytics into our testing of revenue and manual journals, including segregation of duties. We performed audit procedures to address each identified fraud risk, including testing manual journals which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error. We tested specific transactions back to source documentation or independent confirmations as appropriate.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reviewing minutes from the Board of Directors, enquiries of management and journal entry testing, with a focus on manual journals and journals indicating significant unusual transactions identified by specific risk criteria based on our understanding of the business.

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*

Andrew Davison (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
17 December 2021



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**SAGE TREASURY COMPANY LIMITED**


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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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	Note	2021 £000	2020 £000
Selling and administrative expenses		(29)	-
<b>Operating loss</b>	5	(29)	-
Income from participating interests	4	50,546	87,355
Finance income	6	24,552	39,559
Finance costs	7	(52,132)	(67,782)
<b>Profit before income tax</b>		22,937	59,132
Income tax expense	8	(358)	(10,265)
<b>Profit for the financial year</b>		22,579	48,867
<b>Total comprehensive income for the year</b>		22,579	48,867

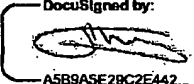
The notes on pages 10 to 21 form part of these financial statements.

**SAGE TREASURY COMPANY LIMITED**  
**REGISTERED NUMBER: 08319044**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 £000	2020 £000
<b>Non-current assets</b>			
Investments	9	904,738	953,800
Trade and other receivables	10	10,202	-
Other financial assets		-	1,000
		<u>914,940</u>	<u>954,800</u>
<b>Current assets</b>			
Trade and other receivables	10	2,093,931	1,583,349
Cash and cash equivalents		339,450	610,759
		<u>2,433,381</u>	<u>2,194,108</u>
<b>Total assets</b>		<u>3,348,321</u>	<u>3,148,908</u>
<b>Current liabilities</b>			
Trade And Other Payables	11	(2,788,440)	(2,104,993)
Borrowings	12	(47,275)	-
		<u>(2,835,715)</u>	<u>(2,104,993)</u>
<b>Non current liabilities</b>			
Borrowings	12	(322,823)	(876,711)
		<u>(322,823)</u>	<u>(876,711)</u>
<b>Net assets</b>		<u>189,783</u>	<u>167,204</u>
<b>Capital and reserves</b>			
Called up share capital	13	5,000	5,000
Profit and loss account		184,783	162,204
		<u>189,783</u>	<u>167,204</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 December 2021.

DocuSigned by:  
  
 A5B9A5E28C2E442...  
**James Thomas**  
 Director

The notes on pages 10 to 21 form part of these financial statements.

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**SAGE TREASURY COMPANY LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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	Ordinary shares £000	Retained earnings £000	Total equity £000
<b>At 1 October 2019</b>	<b>5,000</b>	<b>113,337</b>	<b>118,337</b>
Profit for the year	-	48,867	48,867
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>48,867</b>	<b>48,867</b>
<b>At 1 October 2020</b>	<b>5,000</b>	<b>162,204</b>	<b>167,204</b>
Profit for the year	-	22,579	22,579
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>22,579</b>	<b>22,579</b>
<b>At 30 September 2021</b>	<b>5,000</b>	<b>184,783</b>	<b>189,783</b>

The notes on pages 10 to 21 form part of these financial statements.

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## **SAGE TREASURY COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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#### **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 C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ.

#### **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 15.

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 ensuring that the Company can continue to pay its liabilities as they fall due. This included reviewing the Company's cash position, net current asset position and obligations under debt arrangements with other Sage Group companies.

Based on the above and having closely reviewed the current performance and forecasts, the Directors remain satisfied that the Company has adequate resources to continue its operations for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

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## **SAGE TREASURY COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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#### **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, as a qualifying entity under FRS 101, has applied the exemptions available under the standard 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.

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## **SAGE TREASURY COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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#### **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**

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 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

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## **SAGE TREASURY COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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#### **2. Accounting policies (continued)**

##### **2.13 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.

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.

##### **2.14 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 2021 was £904,738,000 (2020: £953,800,000) and no impairment loss has been recognised in the year (2020: £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 2021 was £2,093,515,000 (2020: £1,583,195,000) and no impairment loss has been recognised in the year (2020: £nil).

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**SAGE TREASURY COMPANY LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**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 loss**

Auditor's 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**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group companies	24,520	39,171
Other interest receivable	32	388
	<u>24,552</u>	<u>39,559</u>

**7. Finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Finance costs on bank borrowings	16,806	21,723
Amortisation of issue costs	2,695	1,360
Bank interest payable	207	14
Net foreign exchange losses	217	11,466
Interest payable to group undertakings	32,150	33,138
Other costs	57	81
	<u>52,132</u>	<u>67,782</u>



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**SAGE TREASURY COMPANY LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**8. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	136	4,378
Correction to prior year expense	222	298
	<u>358</u>	<u>4,676</u>
<b>Total current tax</b>	<u>358</u>	<u>4,676</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	5,589
<b>Total deferred tax</b>	<u>-</u>	<u>5,589</u>
<b>Taxation expense on profit on ordinary activities</b>	<u>358</u>	<u>10,265</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<u>22,936</u>	<u>59,131</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	4,358	11,235
<b>Effects of:</b>		
Non-deductable tax expenses and permanent items	-	959
Adjustments to tax charge in respect of prior periods	222	298
Effect of imputed interest	(157)	(2,244)
Other income	287	401
Withholding tax	136	-
Other timing differences	-	(384)
Group relief claimed for no payment	(4,488)	-
<b>Total tax charge for the year</b>	<u>358</u>	<u>10,265</u>

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**SAGE TREASURY COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**8. Taxation (continued)**

**Factors that may affect future tax charges**

The main UK corporation tax rate will increase from 19% to 25% from 1 April 2023, the impact of the UK rate change to our current year financial statements is insignificant.

**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 submitted an appeal to the European Court seeking to annul the EU Commission's findings. The Company, in line with a number of UK corporates, has made a similar appeal.

The Company has previously disclosed a maximum potential tax liability to be approximately £12m. During the year, HMRC confirmed to the Company that if the State Aid appeal is unsuccessful then this exposure can be offset against a separate matter, for which the Company holds an uncertain tax provision. Therefore the Company no longer has a contingent liability in relation to State Aid.

HMRC has issued the Company with a charging notice for the £10,202,000 that is subject to the State Aid decision. Whilst the Company has lodged an appeal against the charging notice this did not defer the payment of the tax assessed. Based on management's internal view on the matter, supported by the appeals that have been made by the UK Government and other PLCs (including the Company), the Company, in accordance with IFRIC 23, has recognised a £10,202,000 receivable against HMRC on the expectation that the charge will be repaid in due course.

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**SAGE TREASURY COMPANY LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**9. Investments**

	£000
<b>Cost</b>	
At 1 October 2020	961,592
Additions	65,365
Amounts repaid in the year	(114,427)
At 30 September 2021	<u>912,530</u>
<b>Impairment</b>	
At 1 October 2020	7,792
At 30 September 2021	<u>7,792</u>
<b>Net book value</b>	
At 30 September 2021	<u><u>904,738</u></u>
At 30 September 2020	<u><u>953,800</u></u>

Additions relate to the purchase of shares in Sage Euro Hedgco 1 to mitigate the company's tax foreign currency exposure.

Amounts repaid in the year relate to a return of capital from Sage US LLP.

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**SAGE TREASURY COMPANY LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**9. Investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Sage Euro Hedgeco 1 *	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ	Ordinary and redeemable	100%
Sage Euro Hedgeco 2	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ	Ordinary	100%
Sage USD Hedgeco 1 *	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ	Ordinary	100%
Sage USD Hedgeco 2	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ	Ordinary and redeemable	100%
Sage US LLP ^	C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ	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

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**SAGE TREASURY COMPANY LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**10. Trade and other receivables**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
<b>Due after more than one year</b>		
Other debtors	<b>10,202</b>	-
	<b>10,202</b>	-
	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
<b>Due within one year</b>		
Amounts owed by group undertakings	<b>2,093,515</b>	<i>1,583,195</i>
Other debtors	<b>416</b>	-
Prepayments and accrued income	-	<i>154</i>
	<b>2,093,931</b>	<i>1,583,349</i>

Other debtors due after more than one year relates to EU State Aid. See note 8 for further information.

Other debtors due within one year relates to loan issue costs to be amortised.

Amounts owed by group undertaking are unsecured and attract a rate of interest of between 0% and 8.5% (2020: between LIBOR and 5.19%).

**11. Trade and other payables**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Amounts owed to group undertakings	<b>2,772,980</b>	<i>2,088,835</i>
Corporation tax	<b>11,791</b>	<i>11,569</i>
Accruals and deferred income	<b>3,669</b>	<i>4,589</i>
	<b>2,788,440</b>	<i>2,104,993</i>

Amounts owed to group undertakings are unsecured and attract a rate of interest of between 0% and 4.18% (2020: between 0% and LIBOR plus 1.5%).

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**SAGE TREASURY COMPANY LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**12. Borrowings**

Analysis of the maturity of loans is given below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current</b>		
US senior loan notes	<b>47,275</b>	-
	<b>47,275</b>	-
<b>Non-current</b>		
Bank loans	-	489,932
US senior loan notes	<b>322,823</b>	386,779
	<b>322,823</b>	876,711
	<b>370,098</b>	876,711

Included in borrowings above is unsecured bank loans of nil (2020: £489,932,000) and £322,823,000 of unsecured US senior loan notes (2020: £386,779,000) after unamortised issue costs of £118,000 (2020: £3,910,000).

				<b>2021</b>	<b>2020</b>
				<b>£000</b>	<b>£000</b>
<b>Borrowings</b>	<b>Year issued</b>	<b>Interest coupon</b>	<b>Maturity</b>		
USD 150m loan note	2013	3.71%	20-May-23	<b>111,433</b>	116,180
USD 50m loan note	2013	3.86%	20-May-25	<b>37,144</b>	38,727
EUR 55m loan note	2015	1.89%	26-Jan-22	<b>47,275</b>	49,936
EUR 30m loan note	2015	2.07%	26-Jan-23	<b>25,787</b>	27,238
USD 200m loan note	2015	3.73%	26-Jan-25	<b>148,577</b>	154,907
Total loan notes				<b>370,216</b>	386,988
Bank loans - unsecured				-	493,633
Less unamortised issue costs				<b>(118)</b>	<b>(3,910)</b>
				<b>370,098</b>	876,711

Unsecured bank loans comprises a fixed term loan of £nil (2020: £200,000,000) and £nil drawings (2020: £293,633,000) under a multi-currency revolving credit facility of £669,136,000 (2020: £691,889,000) (USD 719,000,000 and £135,000,000 tranches) expiring in February 2025.

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**SAGE TREASURY COMPANY LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**13. Equity**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
5,000,001 (2020 - 5,000,001) Ordinary shares of £1.00 each	<b>5,000</b>	<b>5,000</b>

Retained earnings represent cumulative comprehensive income less dividends paid.

**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. 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., C23 - 5 & 6 Cobalt Park Way, Cobalt Park, Newcastle upon Tyne, NE28 9EJ.