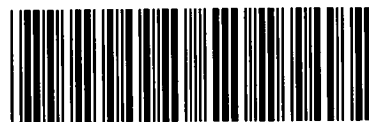


Registration number 08680618

Sage Euro Hedgeco 1
Report and Financial Statements
Year ended 30 September 2018

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Directors' report

The directors present their report and the audited financial statements of Sage Euro Hedgeco 1 ("the Company") for the year ended 30 September 2018.

Principal activities

The principal activity of the Company throughout the year has been to mitigate Euro related foreign currency risks within The Sage Group plc group of companies ("the Group") and will remain as such for the foreseeable future.

Results and dividends

The profit for the year amounted to £818,088 (2017: Loss £218,655) 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 year and up to the date of signing of the financial statements are set out below:

V L Bradin

J-H F Liepe (resigned 4 April 2019)

E M Greef (appointed on 2 January 2018 and resigned 29 June 2018)

S J Rolls (appointed 29 June 2018)

J McDonough (appointed 4 April 2019)

Indemnity provisions

The parent company, The Sage Group plc, maintained liability insurance for its directors and officers during the financial period 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 secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Going concern

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

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.

Auditor

The Group Audit Committee recommended to the Board that Ernst & Young LLP be appointed as auditors for the financial year ending 30 September 2019. Accordingly, a resolution was proposed to the shareholders at The Sage Group plc AGM in February 2019.

Directors' report (*continued*)

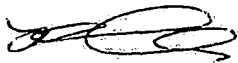
Disclosure of information to auditors

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

- (1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the Board



J McDonough
Director

4 July 2019

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), 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 of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 EURO HEDGECO 1

Opinion

We have audited the financial statements of Sage Euro Hedgeco 1 for the year ended 30 September 2018 which comprise the Income statement and other comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 8, 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 2018 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 set out on pages 3 and 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 strategic report or 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
5 July 2019

Income statement and other comprehensive income

	Note	2018 £	2017 £
Foreign exchange gains/(losses)	3	818,088	(218,655)
Profit/(loss) before income tax		818,088	(218,655)
Income tax expense	4	-	-
Profit/(loss) for the year		818,088	(218,655)
Total comprehensive income/(expense)		818,088	(218,655)

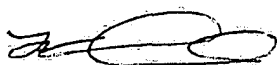
All of the activities of the Company are classified as continuing.

The notes on page 12 to 16 form part of these financial statements.

Balance Sheet

	Note	2018	2017
		£	£
Current assets			
Amounts owed by group undertakings	5	88,195,156	89,184,496
Net assets		88,195,156	89,184,496
<hr/>			
Equity attributable to owners of the parent			
Redeemable Ordinary shares	6	85,726,030	87,533,458
Retained earnings		2,469,126	1,651,038
Total equity		88,195,156	89,184,496

These financial statements were approved by the directors and authorised for issue on 4 July 2019, and are signed on their behalf by:



J McDonough
Director
Company registration number: 08680618

The notes on page 12 to 16 form part of these financial statements.

Statement of changes in equity

	<i>Note</i>	Ordinary shares £	Retained earnings £	Total equity £
Balance at 1 October 2016		137,657,765	1,869,693	139,527,458
Shares issued during the year 65,939,831 ordinary shares of £1 each		65,939,831	-	65,939,831
Shares redeemed during the year 116,064,138 ordinary shares of £1 each		(116,064,138)	-	(116,064,138)
Loss for the year		-	(218,655)	(218,655)
Balance at 30 September 2017	6	87,533,458	1,651,038	89,184,496
Balance at 1 October 2017		87,533,458	1,651,038	89,184,496
Shares issued during the year 30,321,185 ordinary shares of £1 each		30,321,185	-	30,321,185
Shares redeemed during the year 32,128,613 ordinary shares of £1 each		(32,128,613)	-	(32,128,613)
Profit for the year		-	818,088	818,088
Balance at 30 September 2018	6	85,726,030	2,469,126	88,195,156

The notes on page 12 to 16 form part of these financial statements.

Notes

1. Accounting policies

Sage Euro Hedgeco 1 (the "Company") is a company incorporated and domiciled in England, it is a private unlimited company 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 8.

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 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*.

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.

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).

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 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.

Notes (continued)

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. There is an agreement between members of the group that losses will not be paid for by the recipient company.

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.

Notes (continued)

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 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 2018 was £88,195,156 (2017: £89,184,496) and no impairment loss has been recognised (2017: *Nil*).

3. Profit/(loss) before income tax

Auditor's remuneration is borne by the ultimate parent company, The Sage Group plc, in both the current and prior year.

The directors did not receive any emoluments during the year in respect of their services to the Company (2017: *Nil*). No other persons were employed by the Company during the year (2017: *none*).

4. Income tax expense

	2018	2017
	£	£
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense recognised	-	-

Reconciliation of effective tax rate

The tax charge for the year is lower (2017: *higher*) than the standard rate of corporation tax in the UK of 19.0% (2017: 19.5%). The differences are explained below:

	2018	2017
	£	£
Profit/(Loss) before income tax	818,088	(218,655)
Tax calculated at UK standard rate of corporation tax of 19% (2017: 19.5%)	155,437	(42,638)
Effect of:		
Imputed interest	238,693	-
Group relief	(238,693)	-
Non-taxable foreign exchange (gains)/losses	(155,437)	42,638
Total income tax expense recognised	-	-

Notes (continued)

5. Amounts owed by group undertakings

	2018 £	2017 £
Current		
Amounts owed by group undertakings	88,195,156	89,184,496

Amounts owed by group undertakings are non-interest bearing, unsecured and repayable upon demand.

6. Equity

	shares	2018 £	shares	2017 £
Issued and fully paid				
Ordinary shares of £1 each	200	176	200	176
Redeemable Ordinary shares of £1 each	85,725,854	85,725,854	87,533,282	87,533,282
	85,726,054	85,726,030	87,533,482	87,533,458

Retained earnings represent cumulative comprehensive income less dividends paid.

7. 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.

8. Ultimate parent company

The ultimate parent undertaking and ultimate controlling party is The Sage Group plc a company registered in England. 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.