
SAGE OVERSEAS LIMITED.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

SAGE OVERSEAS LIMITED.

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SAGE OVERSEAS LIMITED.

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Introduction

The Directors of Sage Overseas Limited (the "Directors") present their Strategic Report on Sage Overseas Limited (the "Company") for the year ended 30 September 2022. The directors of The Sage Group plc., the ultimate parent company, set the strategy for the whole Sage group of companies ("Sage", or the "Group"). This is set out within The Sage Group plc.'s Annual Report and Accounts for the year ended 30 September 2022 (the "Plc Annual Report and Accounts"), which does not form part of this report.

Principal activity and business review

The principal activity of the Company is that of a holding company including the management of a number of overseas investments of The Sage Group plc. The Company has not traded during the year or prior year and the only amounts included in the income statement relate to the Company's activity as a holding company.

Principal risks and uncertainties

The Global Risk Management Framework has been built to identify, evaluate, analyse, manage and mitigate those risks which threaten the successful achievement of our business strategy and objectives, within tolerable appetites. Risks are owned and managed at a Global level, and are formally reviewed on a quarterly basis.

The identification, assessment, pursuit and management of opportunities and the associated risks is an integral part of the management and processes of the Company.

Investment risk

The Company acts as a holding company of investments. The main risk facing the Company is a deterioration in the recoverable amount of its investments in subsidiary undertakings, which reflects their underlying performance and future prospects. The Directors assess the recoverable amounts of investments annually or when indicators of impairment exist, by performing an impairment test annually, comparing for each investment the recoverable amount with its carrying value. Only if there is an impairment loss is the carrying value reduced to the recoverable amount. After performing an impairment review of the Company's investments, the Directors have determined that the investment's recoverable amount exceeds its carrying value as at 30 September 2022.

Key performance indicators

The directors of The Sage Group plc. manage and measure the Group's operations on a regional and segmental basis. For this reason, the Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The key performance indicators used by the directors of The Sage Group plc. to manage and measure the performance of the Group are discussed within the Plc Annual Report and Accounts.

Future developments

It is the intention of the Directors that the Company will continue to act as a holding and investment company for the foreseeable future.

SAGE OVERSEAS LIMITED.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Section 172(1) statement

Section 172(1) statement

As per Section 172(1) of the Companies Act 2006 ("Section 172(1)"), a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the company's employees;
- c. the need to foster the company's business relationships with suppliers, customers and others;
- d. the impact of the company's operations on the community and the environment;
- e. the desirability of the company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the company.

This statement describes how the Directors have had regard to the matters set out above when performing their duty to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of its stakeholders and the wider society.

The Directors are responsible for monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that their obligations to the Company's stakeholders, including its shareholder, are met. The Company follows Sage's policies and procedures, including those relating to standards of business conduct, colleagues, society and other stakeholders. However, in considering items of business, the Company makes autonomous decisions based on each transaction's own merits, after due consideration of the long-term sustainable success of the Company, Section 172(1) factors where relevant, and the stakeholders impacted. Board meetings are held as and when required to discuss matters of business.

In the year ended 30 September 2022 the Directors approved, amongst other decisions, the payment of an interim cash dividend of EUR 51,660,000 to its sole shareholder, Sage Holding Company Limited. In considering the approval of the dividend payment, the Board, amongst other factors, had regard for the Company's capital position, distributable reserves, the Company's key balance sheet items and the need to consider the consequences of the decisions in the long term. The Board also considered the interests of its shareholder.

As is typical for a company which is part of a large, listed group, the Directors fulfil their duties partly through a governance framework determined at Group level that delegates day-to-day decision-making to Sage's management. Such delegation forms part of Sage's robust governance structure which encompasses the principles of Section 172(1) so that they ultimately become embedded within the business and everything Sage does as a Group.

The Directors recognise that Sage, including the Company, has a wide range of stakeholders and balancing their respective needs and expectations is important. The decision-making process is structured to enable Directors to evaluate the merit of proposed business activities in view of competing priorities and the likely consequences of decisions on our stakeholders over the short, medium and longer term. The Directors are committed to effective engagement with all stakeholders of the Company and acknowledge that, as part of Sage, engagement activities are mostly carried out at Group level. The values and behaviours upheld when engaging with stakeholders are consistent across Sage, irrespective of which member of the Group is communicating with any and all of Sage's stakeholders.

After due consideration, the Directors have determined the Company's key stakeholders to be largely consistent with those set out in the Plc Annual Report and Accounts.

Colleagues

The Company has no employees itself. The Directors are cognisant that colleagues are crucial to Sage's success and effective engagement is maintained at Group level.

SAGE OVERSEAS LIMITED.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Customers

The Company has no customers itself. The Directors are cognisant that customers are crucial to Sage's success and effective engagement is maintained at Group level.

Society

The Directors recognise that Sage is committed to managing the Group's use of resources proactively to minimise environmental impact and investing in education, technology, and environmental change to give individuals, small and mid-sized businesses and our planet the opportunity to thrive.

The Directors of the Company also support Sage's culture and commitment to doing business the right way. Sage's culture and commitment are demonstrated through the work of the Sage Foundation, which combines charitable giving and supporting colleague engagement with non-profit organisations delivering change.

Shareholders

The Directors consider the long-term impact of corporate actions and decisions on and for the benefit of the Company's direct and indirect shareholders. Engagement with other Sage Group undertakings, including the Company's shareholder is conducted through internal Sage management activities and ongoing meetings and dialogue. The Company's ultimate parent is The Sage Group plc. and effective engagement with the Sage Group's shareholders is maintained at Group level.

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

DocuSigned by:

Marie Claude Chazot

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Marie-Claude Chazot

Director

Date: 27 April 2023

SAGE OVERSEAS LIMITED.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The Directors present their report and the financial statements for the year ended 30 September 2022.

Principal activity

The principal activity of the Sage Overseas Limited is that of a holding company, including the management of a number of overseas investments of The Sage Group plc. The Company will continue to manage overseas companies within the Group and anticipates no major changes in environment for the foreseeable future apart.

Overseas branch in the EU

The Company has an overseas branch in France. The functional currency of this branch is the Euro (EUR).

Directors

The Directors who served during the year were:

Marie-Claude Chazot
Pacome Gerard Pierre Lesage

Indemnity provisions

The ultimate 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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company is exempt from providing the information required by Schedule 7A to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) in respect of greenhouse gas emissions, energy consumption and action take to increase its energy efficiency in the UK, as the Company is included in the annual report and accounts of The Sage Group plc. for the year ended 30 September 2022 which include the required disclosures.

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 through a forecasted period to 30 April 2024 ("the going concern assessment period"). This included reviewing the Company's cash position, net asset position and obligations under debt arrangements with other Sage Group companies.

Based on the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence throughout the going concern assessment period. For this reason, they have adopted the going concern basis in preparing the financial statements.

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.

SAGE OVERSEAS LIMITED.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Post balance sheet events

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

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

DocuSigned by:

Marie Claude Chazot

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Marie-Claude Chazot

Director

Date: 27 April 2023

SAGE OVERSEAS LIMITED.

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The Directors are responsible for preparing the Strategic Report, 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.

SAGE OVERSEAS LIMITED.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAGE OVERSEAS LIMITED.

Opinion

We have audited the financial statements of Sage Overseas Limited (the 'company') for the year ended 30 September 2022 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 2022 and of its loss 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.

SAGE OVERSEAS LIMITED.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAGE OVERSEAS LIMITED.

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 6, 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.

SAGE OVERSEAS LIMITED.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAGE OVERSEAS LIMITED.

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 Sage Overseas Limited 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

Julie Cavin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh, United Kingdom
27 April 2023

SAGE OVERSEAS LIMITED.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
Administrative expenses		(267)	(61)
Other operating income	4	-	1,188
Operating (loss)/profit	5	(267)	1,127
Income from shares in group undertakings		44,896	205,234
Impairment of investments	10	-	(440,252)
Finance income	6	33	493
Finance costs	7	(2,432)	(1,445)
Profit/(loss) before tax		42,230	(234,843)
Income tax benefit		665	-
Profit/(loss) for the financial year		42,895	(234,843)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Currency translation on foreign currency branch		771	(1,516)
		771	(1,516)
Total comprehensive income/(expense) for the year		43,666	(236,359)

The notes on pages 13 to 22 form part of these financial statements.

SAGE OVERSEAS LIMITED.
REGISTERED NUMBER: 02514472

BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Non current assets			
Investments	10	255,545	249,841
		<u>255,545</u>	<u>249,841</u>
Current assets			
Trade and other receivables	11	7,336	5,193
Cash and cash equivalents		1,025	5
		<u>8,361</u>	<u>5,198</u>
Trade and other payables	12	(225,086)	(216,124)
		<u>(216,725)</u>	<u>(210,926)</u>
Net current liabilities		<u>(216,725)</u>	<u>(210,926)</u>
Net assets		<u><u>38,820</u></u>	<u><u>38,915</u></u>
Capital and reserves			
Retained earnings		38,820	38,915
		<u>38,820</u>	<u>38,915</u>
		<u><u>38,820</u></u>	<u><u>38,915</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2023.

DocuSigned by:

 03D4621134D1453...
Marie-Claude Chazot
 Director

The notes on pages 13 to 22 form part of these financial statements.

SAGE OVERSEAS LIMITED.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Ordinary shares £000	Retained earnings £000	Total equity £000
At 1 October 2020	-	526,224	526,224
Loss for the year	-	(234,843)	(234,843)
Currency translation on foreign currency branch	-	(1,516)	(1,516)
Total comprehensive expense for the year	-	(236,359)	(236,359)
Dividends paid	-	(250,950)	(250,950)
At 1 October 2021	-	38,915	38,915
Profit for the year	-	42,895	42,895
Currency translation on foreign currency branch	-	771	771
Total comprehensive income for the year	-	43,666	43,666
Dividends paid	-	(43,761)	(43,761)
At 30 September 2022	-	38,820	38,820

The notes on pages 13 to 22 form part of these financial statements.

SAGE OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. General information

Sage Overseas 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, United Kingdom, 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.

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).

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

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 through a forecasted period to 30 April 2024 ("the going concern assessment period"). This included reviewing the Company's cash position, net asset position and obligations under debt arrangements with other Sage Group companies.

Based on the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence throughout the going concern assessment period. For this reason, they have adopted the going concern basis in preparing the financial statements.

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

SAGE OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**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;
- 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.

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.

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 recognised within the income statement.

For the overseas branch, whose functional currency is the Euro, assets and liabilities are translated into sterling at closing rate of exchange at the balance sheet rate. Amounts recorded within the overseas branch profit & loss and other comprehensive income are translated at the average sterling rate for the financial reporting year in which they were incurred. The foreign exchange difference recognised on translating the profit and loss account and balance sheet at average and closing rate respectively is recognised within other comprehensive income.

2.4 Finance income

Finance 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 OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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.

This entity is tax resident in France therefore no UK tax arises. The company is member of a tax unity in France. The French tax due for the tax unity is accrued in Sage SAS, however payments for the tax unity are made by Sage Overseas Limited.

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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses.

The Company uses the term "Trade receivables" for contract receivables. These are recognised when the right to consideration is unconditional. Typically, for performance obligations satisfied over time, judgement is required in determining whether a right to consideration is unconditional. In such situations, a receivable is recognised for the transaction price of the non-cancellable portion of the contract when the Company starts satisfying the performance obligation.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from the customer a contract asset is recognised.

The carrying amounts of trade and other receivables are reduced by allowances for expected credit losses using the simplified approach under IFRS 9. The Company uses a matrix approach to determine the allowance. The default rates applied are based on the ageing of the receivable, past experience of credit losses and forward-looking information. An allowance for a receivable's estimated lifetime expected credit losses is first recorded when the receivable is initially recognised, and subsequently adjusted to reflect changes in credit risk until the balance is collected. In the event that management considers that a receivable cannot be collected, the balance is written off.

For amounts owed by group undertakings that are trade receivables, the Company applies the simplified approach using a provision matrix as for external trade receivables. For other amounts, the Company applies IFRS 9's general approach under which a provision for 12-month expected credit losses is recognised unless the credit risk associated with the receivable is deemed to have increased significantly since its initial recognition, in which case lifetime expected credit losses are recognised.

SAGE OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.9 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.

2.10 Trade and other payables

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

2.11 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.

2.12 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.

SAGE OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

The carrying value of investments at 30 September 2022 was £255,544,999 (2021: £249,840,971) and an impairment loss of £nil has been recognised (2021: £440,252,000).

Recoverability of amounts owed by group undertakings

Amounts owed by group undertakings to which IFRS 9's general approach to recognising expected credit losses applies requires determination of whether the amounts are recoverable based on whether the other party is able to repay. This is performed by assessing the probability of default and a provision is recognised for any shortfall. Where a balance attracts interest, the amount to be repaid is discounted at the applicable interest rate.

The carrying value of amounts owed by group undertakings at 30 September 2022 was £17,000 (2021: £1,482,000) and no impairment loss has been recognised (2021: £nil).

4. Other operating income

	2022	<i>2021</i>
	£000	<i>£000</i>
Intercompany royalty income	-	<i>1,188</i>
	-	<i>1,188</i>
	-	<i>1,188</i>

5. Operating profit

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 (2021: £nil).

SAGE OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. Finance income

	2022	2021
	£000	£000
Interest receivable from group undertakings	-	435
Net foreign exchange gains	33	58
	<u>33</u>	<u>493</u>
	<u><u>33</u></u>	<u><u>493</u></u>

7. Finance costs

	2022	2021
	£000	£000
Interest payable to group undertakings	2,432	1,445
	<u>2,432</u>	<u>1,445</u>
	<u><u>2,432</u></u>	<u><u>1,445</u></u>

8. Taxation

	2022	2021
	£000	£000
Current tax		
Current tax on profits for the year	2	-
Adjustments in respect of previous periods	(667)	-
	<u>(665)</u>	<u>-</u>
	<u><u>(665)</u></u>	<u><u>-</u></u>
Total current tax	<u>(665)</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
Taxation on profit on ordinary activities	<u>(665)</u>	<u>-</u>
	<u><u>(665)</u></u>	<u><u>-</u></u>

SAGE OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

9. Dividends

	2022	<i>2021</i>
	£000	<i>£000</i>
Equity dividends on ordinary shares	43,761	<i>250,950</i>
	43,761	<i>250,950</i>

10. Investments

	£000
Cost	
At 1 October 2021	690,093
Foreign exchange movement	5,704
At 30 September 2022	695,797
Impairment	
At 1 October 2021	440,252
At 30 September 2022	440,252
Net book value	
At 30 September 2022	255,545
<i>At 30 September 2021</i>	<i>249,841</i>

SAGE OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

10. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Sage Holding France SAS *	10 Place De Belgique, 92250, La Garenne-Colombes, France	Ordinary	100%
Sage Software SARL *	Tour Crystal 1, Niveau 9, Bd Sidi Mohammed Ban Abdellah, Casablanca, 20030, Morocco	Ordinary	100%
Sage SAS	10 Place De Belgique, 92250, La Garenne-Colombes, Paris, France	Ordinary	100%
Sage S.A.	Buro & Design Center, Esplanade 1, 1020, Brussels, Belgium	Ordinary	100%

* Direct Subsidiary

11. Trade and other receivables

	2022	<i>2021</i>
	£000	<i>£000</i>
Amounts owed by group undertakings	17	<i>1,482</i>
Other debtors	25	<i>9</i>
Overseas tax receivable	7,294	<i>3,702</i>
	<u>7,336</u>	<i><u>5,193</u></i>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

The overseas tax receivable relates to tax overpaid by the overseas branch in France. The branch pays tax on behalf of its subsidiary Sage SAS.

SAGE OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

12. Trade and other payables

	2022	<i>2021</i>
	£000	<i>£000</i>
Trade payables	10	8
Amounts owed to group companies	225,071	216,116
Accruals	5	-
	225,086	<i>216,124</i>
	225,086	<i>216,124</i>

Amounts owed to group undertakings are unsecured, repayable upon demand and attract a rate of interest between 0.00% and 4.15% (2021: 0.00% and 4.15%).

13. Equity

	2022	<i>2021</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
1 (2021 - 1) Ordinary shares of £1.00	-	-
	-	-
	-	-

Dividends of £43,761,000 were paid (2021: £250,950,000) during the financial year.

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.

SAGE OVERSEAS LIMITED.

**NOTES TO THE FINANCIAL STATEMENTS
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15. Immediate and ultimate parent company

The Company's immediate parent undertaking is Sage Holding Company Limited, a company registered in England and Wales. The 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, United Kingdom, NE28 9EJ.