



Strategy delivering, growth accelerating

Continuing operations	STATUTORY			UNDERLYING*		
	2013	2012	Change	2013	2012	Change
Revenue	£1,376.1m	£1,340.2m	+3%	£1,261.3m ^β	£1,209.7m ^β	+4%
Operating profit/EBITA*	£180.5m [‡]	£344.9m	(48%)	£375.8m	£367.0m [‡]	+2%
Profit before income tax	£164.1m [‡]	£334.3m	(51%)	£360.5m	£356.9m [‡]	+1%
Basic earnings per share	3.97p [‡]	18.63p	(79%)	22.27p	19.87p [‡]	+12%
Ordinary dividend per share	11.32p [#]	10.68p [#]	+6%	n/a	n/a	n/a
Cash conversion	n/a	n/a	n/a	112%	106%	+6%

*Refer to notes on definitions below.

^βUnderlying revenue figures above are presented on an organic basis. Refer to notes on definitions below.

[‡]Statutory profit impacted by £188.2m exceptional charge primarily relating to non-core disposals.

[‡]Prior year contains a full year of profit contribution from non-core products disposed during the current year.

[#]Current and prior year dividend per share is rebased and is shown on a post-share consolidation basis to reflect the share consolidation that took place in June 2013. Refer to dividend commentary on page 11 for dividend per share on a pre and post-share consolidation basis.

Financial highlights – doubling of organic revenue growth

- Organic revenue growth of 4% in the year (2012: 2%), and 5% in H2 demonstrates acceleration in growth;
- EBITA margin maintained at 27% (2012: 27%), with continued investment for growth;
- Strong operating cash flow of £417.4m (2012: £383.8m), representing 112% of EBITA (2012:106%);
- Proposed final ordinary dividend per share of 7.44p per share (2012: 7.02p per share), resulting in a total ordinary dividend of 11.32p per share (2012: 10.68p per share), an increase of 6%; and
- Total cash returned to shareholders in the year of £571.8m (2012: £434.0m).

Investment, innovation and focus delivering results

- 32% increase in investment in higher-growth opportunities supporting our cloud and connected services strategy;
- Meeting our technology milestones with Sage One, our cloud solution for smaller businesses, launched in eight markets and cloud versions of leading ERP products launched in the UK and Spain;
- Strong acceleration in adoption of Sage One, with over 21,000 paying subscribers in the UK & Ireland, an increase of more than three-fold in 12 months;
- 12% organic revenue growth for Sage ERP X3 (2012: 5%), our global ERP solution for mid-market customers, delivering on our target for double-digit growth;
- 13,800 integrated payments customers (2012: 9,700), reflecting the value of integrated connected services;
- 6% growth in recurring revenue (2012: 6%), and flat software and software-related services (“SSRS”) revenue (2012: 5% contraction); and
- Organic customer additions of 256,000 (2012: 229,000) during the year, with renewal rates on contracts increasing to 82% (2012: 81%).

Guy Berruyer, Chief Executive, said: “I am pleased to report a strong set of results, with good growth across all regions and our strategic initiatives progressing well. These results highlight the strong appeal of our offering to SMEs, great execution in delivering on our plans and the benefit of a clear strategy, which focuses on our most significant growth opportunities. The strategy is working and growth is accelerating. We remain confident of achieving our target of 6% organic revenue growth in 2015, and anticipate further progress during the year ahead.”

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An analyst presentation will be held at 8.45am today at the London Stock Exchange plc, 10 Paternoster Square, London, EC4M 7LS. A live webcast of the presentation will be hosted on www.sage.com/investors, dial-in number +44 (0) 20 3139 4830, pin code: 91226423#. A replay of the call will also be available for two weeks after the event: Tel: +44 (0) 20 3426 2807, pin code: 643480#.

Definitions of underlying measures:

- Underlying revenue neutralises the impact of foreign exchange in prior year figures.
- Organic revenue is underlying revenue excluding the contribution of current and prior year acquisitions and disposals.
- Underlying operating profit ("EBITA") excludes amortisation of acquired intangible assets, acquisition-related items, goodwill impairment, fair value adjustments and exceptional items. The impact of foreign exchange is neutralised in prior year figures.
- Underlying cash conversion is calculated as cash flows from operating activities, adjusted for cash acquisition-related items and cash exceptional items of £1.9m (2012; £nil), divided by EBITA.
- Underlying profit before income tax excludes amortisation of acquired intangible assets, acquisition-related items, goodwill impairment, fair value adjustments, exceptional items and imputed interest. The impact of foreign exchange is neutralised in prior year figures.
- Underlying basic earnings per share is defined as underlying profit divided by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares. Underlying profit is defined as profit attributable to owners of the parent excluding amortisation of intangible assets, acquisition-related items, goodwill impairment, fair value adjustments, exceptional items and imputed interest. All of these adjustments are net of tax. The impact of foreign exchange is neutralised in prior year figures.

Chief Executive's review

Overview of the year

We delivered a strong trading performance in 2013, with organic revenue growth of 4%, representing acceleration on the 2% organic revenue growth achieved in the prior year. Organic recurring revenue grew by 6% (2012: 6%), reflecting the continued strength of our premium support offering and encouraging growth in both software subscription revenue and payment services. SSRS revenue was flat organically against the prior year (2012: 5% contraction). North America and AAMEA delivered good SSRS growth, led by a particularly encouraging performance from Sage ERP X3. Organic SSRS revenue in Europe contracted modestly, reflecting new licence weakness, particularly in the French mid-market and in Spain. SSRS revenue is variable and we continue to see the shift to recurring revenue as a core part of our strategy to deliver accelerated growth on a sustainable basis. Recurring revenue now represents 71% of Group revenues (2012: 69%).

A feature of the year has been successful execution driving good results across all regions. North America reported organic revenue growth of 6% for the year, a significant acceleration from the 2% reported in 2012. Highlights included good growth from premium support and the success of Sage ERP X3. Europe achieved organic revenue growth of 2% for the year, a positive performance given the macroeconomic environment and an improvement on growth of 1% in 2012. The highlight was the UK & Ireland, with organic revenue growth of 5% for the year, although it was encouraging to see France and Germany return to growth in H2 and for Spain to exit the year with modest growth. AAMEA delivered good organic revenue growth of 9% (2012: 12%), with a very strong performance in South Africa offset by a weaker Australian performance. Highlights for South Africa included a strong mid-market performance and strong growth in the rest of Africa. Whilst Brazil is not included in organic growth until 2014, the business delivered good growth notwithstanding the slowdown in the economy. Approximately 15% of Group revenues are now generated from attractive growth markets in AAMEA and Brazil.

Strategy for growth

Our aim is to achieve organic revenue growth of 6% in 2015, with an associated increase in EBITA margin of 100 to 200 basis points, and to sustain higher-growth over the longer term. Our success will be determined by execution on our most important initiatives and these are captured by our three strategic cornerstones – *Focusing our business*, *Capturing the technology opportunity* and *The benefits of subscription*. The acceleration in growth we are reporting shows the strategy is working, with greater focus on our most important opportunities delivering results. It is encouraging to see these results reflected in our key performance indicators ("KPIs"), which track our progress in delivering on our key strategic and financial initiatives. Notable developments for the year in respect of these initiatives are covered in the commentary below, with the complete set of KPIs set out in Appendix I.

Focusing our business

Aligning our resources and investment to products with the highest growth potential is a key enabler of our growth strategy. Our approach to managing our portfolio, which categorises core products as Invest, Harvest and Sunset, is driving a marked increase in the allocation of resources to Invest products. During the year, the direct spend on Invest products increased to 50% of total research and development (“R&D”) expenditure (2012: 35%) and 49% of sales and marketing (“S&M”) expenditure (2012: 42%). This reflects a combined increase in investment in Invest products of 32%. The existing portfolio is self-funding this investment in our most significant growth opportunities, whilst supporting our margin commitment.

We can see the results of greater focus with good progress during the year on our major areas of investment including Sage One, Sage ERP X3 and payment services. The disposal of non-core products announced earlier in the year has streamlined the portfolio, allowing greater focus on the core.

Capturing the technology opportunity

Technology is a catalyst for growth because it helps us attract new customers and allows us to offer more features and services to existing customers. The pace of adoption varies across the SME space, which is why we focus on offering choice, allowing businesses to adopt new technology on their own terms. By providing SME customers with a well-rounded offering that includes leading on-premise and cloud products, connected services and support, Sage is differentiated and is in a strong position to drive growth.

We continue to drive innovation to capture this significant growth opportunity. Sage One, our global software as a service (“SaaS”) solution for smaller businesses, is intuitive and easy to use, complemented by first-class support and is built on a modern technology platform. This platform supports extension into new products and the accelerated launch into new markets, whilst crucially satisfying localisation requirements effectively.

The model is scaling well, with 22,400 paying subscriptions for Sage One products at the end of September 2013 (2012: 6,190). We have seen strong acceleration in adoption in the UK & Ireland market, where we have over 21,000 subscriptions at the end of September 2013, which is an increase of more than three-fold in 12 months. This progress has been based on Sage One Accounts Standard Edition, a solution targeting very small businesses with relatively straightforward accounting needs. October 2013 saw the commercial launch of Sage One Accounts Extra in the UK & Ireland, which targets businesses in the 5 to 25 employee space. Commercially, Sage One Accounts Extra is important as it expands our addressable market, has a higher price point and offers a natural migration path for Sage One Accounts Standard Edition users. In tandem with our marketing around the launch of Sage One Accounts Extra, we have seen an increase in adoption of Sage One Accountant Edition, with accountants recognising the opportunity this product offers them to expand their practices. As at the end of September 2013, over 5,000 accountants had registered to use Sage One Accountant Edition in the UK & Ireland.

We have also made progress in taking Sage One to new geographies and it is now available in eight markets across Europe and North America. It is early days in continental Europe and the number of users remains low in the US. This is consistent with our experience in the UK & Ireland market and we would expect to see the adoption rates in these countries improve over time, as the product becomes more established in the marketplace. We have reorganised in the US to strengthen our product marketing and we will expand the product portfolio with launches of Sage One Accounts Extra and Sage One Accountant Edition. We also launched Sage One in Canada in October 2013. Sage One is part of our wider SaaS portfolio of payroll and accounting products for smaller businesses, with over 35,000 paying subscriptions across a range of products including, in addition to Sage One, einfachLohn in Germany, and Sage Pastel My Payroll Online and Sage Pastel My Business Online in South Africa.

Expanding our cloud product portfolio for small to medium sized businesses (“SMB”) is also an important part of our strategy. As with Sage One, we have developed a robust technology platform, called Sage ERP Online, which allows us to bring our leading ERP solutions to the cloud quickly. For the customer, Sage ERP Online offers the benefits of outsourced infrastructure, mobility, more flexible pricing models and a measured transition to the cloud, alongside

market-leading support. Sage 200 Online in the UK & Ireland market and Sage Murano ERP Online in Spain are the first of our SMB products to launch on Sage ERP Online, with Sage 100 in France, Office Line in Germany and Sage 300 in North America becoming commercially available in 2014.

Sage ERP X3, our global solution for the mid-market, delivered organic revenue growth of 12% (2012: 5%), which meets our double-digit growth target. The product is performing very well internationally, growing organically by 34% outside of its home market of France. Non-French revenue now accounts for 50% of global Sage ERP X3 revenue. North America performed particularly well, with new customer acquisition, migration and support from the channel helping to drive a step-change in growth. The strong performance of Sage ERP X3 globally demonstrates our strategy is working, with greater investment and focus delivering results.

Delivering further value through integrated connected services is a key part of our growth strategy. The value of integration is apparent in higher customer satisfaction scores, lower churn rates and higher revenue per customer. The cross-sell of an integrated payments solution to existing accounting customers is a particularly significant opportunity for us. North America continues to demonstrate good momentum, with over 12,400 accounting customers adopting integrated payments, which has driven cross-sell integrated payments revenue growth of 20%. Innovation is a key factor in this success, with our Sage Exchange platform differentiating our offering in North America. Sage Exchange is a market-leading payments platform that can manage a customer's entire payments ecosystem. All our North American accounting-based solutions are integrated with this platform, which gives us a competitive advantage and a significant cross-sell opportunity with our installed base.

We see mobility as an attractive future growth opportunity because it makes the core accounting and ERP data accessible to both financial and non-financial users on smartphones and tablets. The goal of our mobile strategy is to offer customers value-adding, integrated and connected cloud and mobile services that will increase our revenue per customer and drive subscription adoption. North America has led the development of Sage Data Cloud, a common infrastructure and framework that connects mobile applications with our accounting and ERP products. At the North America Sage Summit in July 2013, we launched three mobile applications built on this platform; Sage Mobile Sales, Sage Mobile Service, and Sage Billing and Payments.

Our approach to technology is guided by understanding the requirements of our customers and recognising the trust they have in Sage to support their move to the cloud. Whilst technology is a great opportunity for Sage, we will only be successful if we continue to provide an extraordinary customer experience. We track customer satisfaction using the Net Promoter Score ("NPS") metric, which measures customers' willingness to promote the Sage products and services they use. NPS is an important indicator of long-term success and we will maintain our focus on ensuring we meet our customers' needs.

The benefits of subscription

The third cornerstone of our growth strategy involves the migration of customers to a subscription pricing relationship. Whilst software subscription is a relatively small proportion of our revenue today, it is important strategically in delivering sustainable growth over the longer term. Subscription pricing has been rolled out across all our major markets, where we typically adopt a dual model approach by offering customers a choice between a subscription relationship and a perpetual licence. We are encouraged by the early progress we are making, which is evidenced by the 27% increase in the annualised value of our subscriber base on an organic basis, which grew to £108m (2012: £85m). We will continue to drive the adoption of subscription pricing across our business on a measured basis.

We have seen how subscription can be an attractive option for new and existing customers. In North America, for example, we have attracted a new type of customer to Sage 100 and Sage 300, with subscription making the up-front cost of a more sophisticated ERP solution more affordable to smaller businesses by removing the initial perpetual licence cost. We have seen the same principle apply to existing customers who are looking to migrate; in France, the successful Sage 100 i7 upgrade programme secured 14,000 subscription contracts. We also use subscription to reactivate existing customers who have chosen not to maintain a support contract, a particular opportunity with smaller businesses where support attachment rates are lower. By offering premium features on subscription, we are

encouraging these customers to move to subscription. Our French small business product Ciel Flex has connected services functionality that is only available on subscription, and of the 4,700 subscription contracts we secured this year, around 40% of them were with previously inactive existing customers.

Financial discipline

The Group remains highly cash generative and we retain considerable financial flexibility going forward. We remain disciplined in our capital allocation approach, whether using cash within the business or returning it to shareholders. Our financial discipline is evident in our performance this year, where we maintained EBITA margin through managing costs whilst increasing investment in our growth initiatives. We are also disciplined in our approach to M&A, focusing on opportunities which support growth in our core business and meet our established returns criteria. Consistent with our focus on shareholder value, we returned £571.8m this year to shareholders through our ordinary dividend, the payment of a special dividend and our share buyback programme. We remain committed to the disciplined allocation of capital to support our strategy and drive shareholder returns.

People

During the year, we announced a number of changes to the Board. Tamara Ingram, Mark Rolfe and Ian Mason retired from the Board, each having made a significant contribution to Sage over many years. Paul Harrison, formerly CFO for 13 years, departed Sage for a new executive challenge. Paul made a considerable contribution to Sage during his time with the business, not least in establishing the strategy in recent years, and in supporting me as CEO. They leave with our gratitude and best wishes for the future.

Jonathan Howell and Neil Berkett joined the Board in July 2013, alongside Jo Harlow. Unfortunately, Jo stood down from the Board in September 2013 due to a conflict arising with her executive role following the announcement by Microsoft of the acquisition of Nokia's Devices and Services division. On 11 November 2013, we announced the appointment of Steve Hare as the new CFO, effective from 3 January 2014.

Summary and outlook

I am pleased to report a strong set of results, with good growth across all regions and our strategic initiatives progressing well. These results highlight the strong appeal of our offering to SMEs, great execution in delivering on our plans and the benefit of a clear strategy, which focuses on our most significant growth opportunities. The strategy is working and growth is accelerating. We remain confident of achieving our target of 6% organic revenue growth in 2015 and anticipate further progress during the year ahead.

Guy Berruyer
Chief Executive

Acting Chief Financial Officer's review

Group performance

In the year ended 30 September 2013, the Group delivered acceleration in organic revenue growth and increased EBITA in line with underlying revenue growth.

Throughout the Acting CFO Review, revenue, profitability and growth trends are stated on an underlying basis. This is done to facilitate the comparison of results. A reconciliation of underlying revenue to organic revenue is shown in the table in note 1 on page 20.

Revenue

Underlying revenue grew by 2% to £1,376.1m (2012: £1,344.7m).

Organic revenue

Organic revenue grew 4% (2012: 2%) to £1,261.3m (2012: £1,209.7m) in the year. North America delivered a good performance for the year with a strong acceleration in organic revenue growth to 6%. AAMEA's performance was led by South Africa, which delivered double-digit organic revenue growth, although our Australian business was impacted by a weakening economy. Difficult economic conditions also affected our performance in Europe, particularly in France and Spain. The UK & Ireland delivered sustained good revenue growth throughout the year, which was supported by legislative change.

Revenue mix

Total underlying recurring revenue was £976.1m (2012: £925.8m) and grew organically by 6%, benefiting from growth in premium support contract upselling and renewals, software subscriptions and payment services. Recurring revenue includes stand-alone support, combined software and maintenance and support, combined support and software packages paid for on a subscription basis, and payment services. The proportion of our total revenue that is recurring has increased to 71% (2012: 69%).

Total underlying SSRS revenue was £400.0m (2012: £418.9m), which was flat organically compared to the prior year. North America returned to growth and AAMEA, led by South Africa, delivered good growth. The success of Sage ERP X3 supported SSRS growth in these regions. Europe organic SSRS revenue contracted modestly. Weakness in new licence revenue, particularly in France and Spain, was offset by a stronger SSRS performance in the UK & Ireland, where legislative change drove demand. SSRS revenue includes stand-alone software licence sales (including new licences, upgrades and migrations), training, business forms and other services.

Underlying operating profit (EBITA)

EBITA increased by 2%, in line with underlying revenue growth, to £375.8m (2012: £367.0m) with the Group's EBITA margin maintained at 27% (2012: 27%). This growth in EBITA was achieved despite the disposal of a number of non-core products during the year and continued investment in our best growth opportunities, which include Sage One, Sage ERP X3 and our payments businesses.

Statutory operating profit decreased to £180.5m (2012: £344.9m). Statutory operating profit includes amortisation of acquired intangible assets, acquisition-related items, goodwill impairment, fair value adjustments and exceptional items.

Net exceptional items of £188.2m are included in statutory operating profit, primarily as a consequence of completing the disposal of certain non-core products during the year.

Regional performance

		Underlying				Foreign exchange	Adjustments to EBITA	Group statutory
		Europe	Americas	AAMEA	Group			
Revenue from continuing operations								
FY13	£m	776.9	448.2	151.0	1,376.1	-	-	1,376.1
FY12	£m	788.4	416.5	139.8	1,344.7	(4.5)	-	1,340.2
Change	%	(1%)	8%	8%	2%			3%
EBITA/Operating profit								
FY13	£m	220.2	115.0	40.6	375.8	-	(195.3)	180.5
FY12	£m	222.0	107.3	37.7	367.0	(0.6)	(21.5)	344.9
Change	%	(1%)	7%	8%	2%			(48%)

Europe

Total European underlying revenue contracted by 1% to £776.9m (2012: £788.4m). On an organic basis, revenue grew by 2% (2012: 1%). Organic recurring revenue grew by 5% (2012: 5%), and organic SSRS revenue contracted by 2% (2012: 7% contraction).

Organic revenue in our French business was flat, with weakness in SSRS offset by growth in recurring revenue, albeit it was encouraging to see a stronger performance in the second half. The weak macroeconomic environment made the execution of larger IT projects in the mid-market more difficult. Performance across the rest of the business was more encouraging, with Sage 100, in particular, achieving good growth. The French business completed the disposals of three non-core products in April 2013, namely C&I, ATL and Automotive.

Our UK & Ireland business grew organically by 5%. The business capitalised on the opportunity offered by the implementation of Real Time Information ("RTI"). Despite RTI going live during the first half of the year, we continued to see strong demand for Sage 50 Payroll and our training programmes in the second half. The UK also delivered a very strong performance with Sage One, with over 21,000 paying subscriptions at the year end, an increase of more than three-fold in 12 months. The UK & Ireland business also completed the disposal of the UK Construction business in April 2013.

Our Spanish business contracted organically by 2%, which is an improvement compared to last year, and we are encouraged that by the year end the Spanish business was exhibiting modest growth. New business still remains particularly difficult due to the prevailing economic conditions. However, we were successful in upgrading customers using the Logic Control family of products to Sage Murano ERP. The Spanish business also completed the sale of the non-core product Aytos in April 2013.

Organic revenue in Germany grew by 1% during the year, with the contraction in the first half offset by a stronger second half performance. Our German business faced a challenging grow-over comparator, due to a successful one-time upgrade programme for Classic Line customers during the 2012 financial year. Our HR products continue to perform well, providing some notable growth in SSRS revenue.

Our businesses in the rest of Europe all delivered growth organically. Switzerland grew by 3% and Poland by 7%. Portugal delivered organic revenue growth of 17%, which was driven by new electronic tax filing requirements.

Sage Pay performed strongly, with organic revenue growth of 25% in the year, reflecting a price increase in the second half of last year and growth in customer numbers. Sage Pay also launched in Germany and Spain during the year.

The EBITA margin for Europe was 28% (2012: 28%).

Americas

Total Americas underlying revenue grew by 8% to £448.2m (2012: £416.5m), with organic revenue growth of 6% (2012: 2%). Organic recurring revenue grew 7% (2012: 4%), and organic SSRS revenue grew 2% (2012: 6% contraction).

Our North America business was successful in delivering on a number of initiatives during the year. Sage Business Care, our premium support offering, remains a primary driver of growth in North America and the continuing shift towards recurring revenue, which accounts for 80% of revenue. Our strategy of upselling premium support gained traction with Sage 100 and Sage 300 customers, and we were also particularly successful in migrating Sage 50 customers in the US and Canada to premium support. The mid-market team executed well in migrating existing customers to newer ERP products. This helped to support a stand-out performance by Sage ERP X3, with revenue increasing by 48%, which was also driven by new customer acquisition.

Our payments business grew by 4%, reflecting solid growth. We continued to focus on cross-selling integrated payments services into the accounting base. The number of customers who use integrated payments grew to over 12,400, with an associated increase in cross-sell revenue growth of 20%.

Brazil contributed £49.0m of revenue in the year and EBITA of £12.2m. The accounting, payroll and tax software business continued to deliver double-digit growth whilst the slowdown in the economy continued to impact the content business. Our significant foothold in Brazil means we are in a strong position to benefit from the structural growth opportunities offered by this market.

The EBITA margin for Americas was 26% (2012: 26%).

AAMEA

Total AAMEA underlying revenue grew by 8% to £151.0m (2012: £139.8m), and organic revenue grew by 9% (2012: 12%). Organic recurring revenue grew by 11% (2012: 15%), and organic SSRS revenue grew by 7% (2012: 8%).

South Africa delivered organic revenue growth of 14% (2012: 16%), which reflects the success of our core mid-market products, particularly Sage ERP X3, Sage Evolution and People Payroll. The wider African continent delivered 22% revenue growth in the year and continues to represent an important opportunity for our South African business, particularly as a source of SSRS revenue.

Australia grew organically by 1% (2012: 7%), which was due to good growth in recurring revenue driven by support contract renewals and price increases. This growth was offset by a contraction in SSRS revenue, which was affected by a slowdown in the Australian economy. Our Middle Eastern and Asian businesses grew organically by 11% (2012: 4%), led by a strong performance from HR and payroll products in Malaysia and Singapore, and Sage ERP X3 across the region.

The EBITA margin for AAMEA was 27% (2012: 27%).

Net finance costs

Net finance costs increased to £16.4m (2012: £10.6m). This was due to an increase in gross debt as the Group moved towards meeting its leverage target. The increase in debt during the year was due to drawdowns on the revolving credit facility and the USD\$400m US private placement refinancing which completed in May 2013. The additional drawdowns funded returns of cash to shareholders through the share buyback programme and the payment of a special dividend in June 2013. The lower coupon rate on the US private placement loan notes reduced the average interest rate on borrowings during the year to 3.78% (2012: 4.59%).

Taxation

The income tax expense of £116.6m (2012: £95.4m), which includes an exceptional tax charge of £17.4m on the disposal of the non-core products, represents an effective tax rate of 71% (2012: 29%). Adjusting for this exceptional

charge, the effective tax rate is 28% (2012: 29%). This is in excess of the standard rate of UK tax due to the higher tax rates applicable in the other jurisdictions in which we operate.

The income tax charge and the total tax paid in the year are underpinned by Sage's tax policy, which is aligned with the overall goals of the business including Sage's vision, strategy, code of ethics and guiding principles. We seek to manage our tax affairs in a responsible and transparent manner, to comply with relevant legislation and with due regard to our reputation. Our approach is in line with the principles issued by the Confederation of British Industry ("CBI") in May 2013. Sage's tax policy has been agreed by the Board, with progress being monitored by the Group Audit Committee. The policy has been shared with the UK tax authorities.

Basic earnings per share

Underlying basic earnings per share increased by 12% to 22.27p (2012: 19.87p) as a result of profit growth and a reduction in the average number of shares in issue to 1,168.8m (2012: 1,282.2m) due to the share buyback programme and the share consolidation effected in June 2013.

Statutory basic earnings per share declined by 79% to 3.97p (2012: 18.63p) primarily due to losses on completed non-core disposals in North America and Europe.

Cash flow and net debt

The Group remains highly cash generative with cash flows from operating activities increasing 9% to £417.4m (2012: £383.8m), representing strong underlying cash conversion of 112% (2012: 106%). Underlying cash conversion excludes cash add backs and exceptional items of £1.9m (2012: £nil). After interest, tax and net capital expenditure, free cash flow was £268.6m (2012: £247.9m).

The net inflow from acquisitions and disposals completed in the year was £60.7m. Proceeds of £81.4m were received through the sale of the non-core products in North America and Europe, and cash consideration of £20.7m was paid in respect of acquisitions.

A total of £571.8m (2012: £434.0m) was returned to shareholders through ordinary dividends paid of £122.1m (2012: £136.5m), a special dividend of £198.7m (2012: £nil) and shares repurchased of £251.0m (2012: £297.5m). Net debt stood at £384.3m at 30 September 2013 (30 September 2012: £161.5m) which is equivalent to 1x EBITDA.

R&D and capex

Total R&D spend was £144.6m and grew organically by 4%. During the year R&D expenditure on Invest products increased 47% as resources have been successfully reallocated from Sunset and Harvest products. R&D expenditure is expensed as it is incurred.

Capital expenditure in the year ended 30 September 2013 (including the purchase of third-party software systems for internal use) was £23.7m (2012: £26.2m). The majority of this expenditure relates to IT infrastructure, both in new and replacement systems.

Acquisitions and disposals during the year

On 11 October 2012, the Group acquired EBS Empresa Brasileira de Sistemas Ltda., a provider of accounting, business management and tax software in Brazil, for a cash consideration of up to £11.3m, including a payment of £2.0m linked to the future financial performance. The provisional fair value of the assets acquired was £nil, resulting in provisional goodwill of £11.3m.

During the year, the Group completed the sale of a number of products that were identified as non-core. The sale of these products represented a key strategic milestone in focusing our business. On 21 March 2013, the Group announced the completion of the disposal of the trade and assets of Sage ACT! and Sage Saleslogix to Swiftpage, and Sage Nonprofit Solutions to Accel-KKR. Cash consideration of £58.3m was paid upon completion. On 30 April 2013, the Group completed the disposal of European non-core products C&I, ATL, Automotive and Aytos, to Argos Soditic, for a consideration of £34.9m. In addition, on 30 April 2013, the Group completed the disposal of other non-core products for a consideration of £4.5m.

Treasury management

The Group's Treasury function seeks to ensure liquidity is available to meet the forecast needs of the Group, to invest cash assets safely at market rates, and reduce exposure to interest rate fluctuations, foreign exchange movements and other financial risks. The Group does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements. The Group's treasury policies and procedures are periodically reviewed and approved by the Audit Committee and are subject to regular Group Internal Audit review.

The Group continues to be able to borrow at competitive rates and currently deems this to be the most effective means of raising finance. During the year the Group successfully completed a USD\$400m issue of US private placement loan notes increasing total notes issued into the US private placement market at 30 September 2013 to £432.3m (\$USD700m) (2012: £185.8m, USD\$300.0m). This transaction further diversifies sources of funding underpinning the Group's capital structure targets, and extends maturities at fixed rates.

In addition the Group has multi-currency revolving credit facilities totalling £346.2m (2012: £338.3m) (USD\$271.0m and €214.0m tranches), provided by a syndicate of banks, which expire in 2015. At 30 September 2013, £9.6m of these facilities were drawn (2012: £15.0m).

Foreign exchange

We do not hedge foreign currency profit and loss translation exposures and our results therefore have been impacted by movements in exchange rates. The average Euro exchange rate used to translate the Consolidated income statement showed movement of 2.5% to £1 = €1.19 from £1 = €1.22. The average US Dollar exchange rate showed movement of 1.3% to £1 = \$1.56 from £1 = \$1.58. The average South African Rand exchange rate moved significantly in the year to £1 = ZAR14.60 from £1 = ZAR12.72, representing a fluctuation of 14.8%. The average Brazilian Real exchange rate used to translate the results of our Brazilian businesses was R\$3.30.

Capital structure and dividend

At our interim results in May 2013, we announced the return of approximately £200m to shareholders through a special dividend, which was paid in June 2013. This ensured that the company achieved its leverage commitment of 1x EBITDA having returned almost £1bn to shareholders in the preceding 18 months.

With our consistent and strong cash flows, we retain considerable financial flexibility going forward. The Board's main strategic priority remains an acceleration of growth, both organically and through targeted acquisitions, and we will invest in support of that aim. This will enable us to support our sustainable progressive dividend policy, with any surplus capital being returned to shareholders from time to time.

Consistent with this policy, the Board is proposing a 6% increase in total dividend per share for the year to 11.32p per share (2012: 10.68p per share), which is in excess of our rate of profit growth for the year. The ordinary dividend for the year is covered 2x by underlying earnings per share.

Dividends per share for the current and prior year have been adjusted to take account of the 77 for 81 share consolidation that accompanied the special dividend, as set out in the table below:

	Post-share consolidation			Pre-share consolidation		
	2013	2012	Growth (%)	2013	2012	Growth (%)
Interim	3.88p	3.66p	6%	3.69p	3.48p	6%
Final	7.44p	7.02p	6%	7.07p	6.67p	6%
Total	11.32p	10.68p	6%	10.76p	10.15p	6%
Special	17.99p	-	n/a	17.10p	-	n/a
Total (incl. special)	29.31p	10.68p	174%	27.86p	10.15p	174%

Archer Capital

On 14 November 2011, the Group reported a claim for damages made by Archer Capital (“Archer”) following the termination of discussions between the Group and Archer relating to the potential purchase of MYOB. The Group strongly rejects the claim, which it calculates to be in the region of £82.9m (A\$143.5m), and will defend itself vigorously. The claim is currently being heard by the Court.

Going concern

Based on normal business planning and control procedures, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Events after the reporting date

On 11 November 2013, the Group announced the appointment of Steve Hare as Chief Financial Officer, who will join the Sage Board with effect from 3 January 2014.

Darren Fisher

Acting Chief Financial Officer

Appendix I – Key Performance Indicators

Strategic drivers		2013	2012
Focusing our business			
Resource optimisation	Resource optimisation is captured by reporting on the resource allocation in our business. Research and development and sales and marketing spend in the year is divided into three categories of product – Invest:Harvest:Sunset. Our strategy is to focus our investment towards the Invest products in our portfolio.	50:43:07	35:53:12
		49:46:05	42:49:09
Capturing the technology opportunity			
Adoption of Sage One	The number of paying subscriptions at the end of the year for Sage One Cashbook, Sage One Accounts, Sage One Payroll and Sage One Accountant Edition.	22,400	6,190
Adoption of hybrid cloud	The number of paying subscriptions at the end of the year for hybrid cloud products.	750	115
Integration of payments	The number of customers at the end of the year who are using a Sage core accounting system, a Sage payments solution, and the integration of the two is provided or owned by Sage.	13,800	9,700
Sage ERP X3 underlying revenue growth	The percentage increase in underlying revenue derived from Sage ERP X3 in the year compared to the prior year. The impact of foreign exchange is neutralised in prior year figures.	12%	5%
The benefits of subscription			
Organic annualised value of the subscriber base	The amount of organic software subscription revenue recorded in the last month of the year multiplied by 12.	£108m	£85m
Financial drivers		2013	2012
Financial Performance			
Organic revenue growth	Organic revenue neutralises the impact of foreign exchange in prior year figures and excludes the contribution of current and prior year acquisitions and disposals.	4%	2%
EBITA margin	Underlying operating profit (“EBITA”) excludes amortisation of acquired intangible assets, acquisition-related items, goodwill impairment, fair value adjustments and exceptional items. The impact of foreign exchange is neutralised in prior year figures. EBITA is divided into underlying revenue to derive EBITA margin.	27%	27%
Underlying basic EPS growth	Underlying basic EPS is defined as underlying profit divided by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares. Underlying profit is defined as profit attributable to owners of the parent excluding amortisation of acquired intangible assets, acquisition-related items, goodwill impairment, fair value adjustments, exceptional items and imputed interest. All of these adjustments are net of tax. The impact of foreign exchange is neutralised in prior year figures.	12%	-2%
Underlying cash conversion	Underlying cash conversion is calculated as cash flows from operating activities, adjusted for cash acquisition-related items and cash exceptional items of £1.9m (2012: £nil), divided by underlying operating profit (“EBITA”).	112%	106%
Financial strength			
Net debt leverage	The net value of cash less borrowings expressed as a multiple of EBITDA. EBITDA is defined as earnings before interest, tax, depreciation, amortisation of acquired intangible assets, acquisition-related items, goodwill impairment, fair value adjustments and exceptional items.	1.0:1	0.4:1
Interest cover	Operating profit for the year excluding exceptional items, expressed as a multiple of finance costs excluding imputed interest for the same year.	24x	33x
Customer loyalty		2013	2012
Contract renewal rate	The number of contracts successfully renewed in the year as a percentage of those that were due for renewal.	82%	81%

Consolidated income statement

For the year ended 30 September 2013

	Note	2013 £m	2012 £m
Revenue	1	1,376.1	1,340.2
Cost of sales		(80.2)	(84.3)
Gross profit		1,295.9	1,255.9
Selling and administrative expenses		(929.5)	(911.0)
Loss on disposal of non-core products	2	(185.9)	-
Operating profit	1	180.5	344.9
Finance income		1.4	2.6
Finance costs		(17.8)	(13.2)
Finance costs – net		(16.4)	(10.6)
Profit before income tax		164.1	334.3
Income tax expense	4	(116.6)	(95.4)
Profit for the year from continuing operations		47.5	238.9
Profit for the year from discontinued operations	9	-	57.8
Profit for the year		47.5	296.7
Profit attributable to:			
– Owners of the parent		46.4	296.6
– Non-controlling interest		1.1	0.1
		47.5	296.7
EBITA†	1	375.8	366.4
Earnings per share attributable to the owners of the parent (pence)			
From continuing operations			
– Basic	5	3.97p	18.63p
– Diluted	5	3.96p	18.60p
From continuing and discontinued operations			
– Basic	5	3.97p	23.14p
– Diluted	5	3.96p	23.10p

† EBITA measure (earnings before interest, tax and adjustments) excludes the effects of:

- amortisation of acquired intangible assets;
- acquisition-related items;
- fair value adjustments and goodwill impairments; and
- exceptional items.

Consolidated statement of comprehensive income

For the year ended 30 September 2013

	2013 £m	2012 £m
Profit for the year	47.5	296.7
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on post-employment benefit obligations	1.1	(2.6)
Deferred tax (charge)/credit on actuarial loss on post-employment benefit obligations	(0.4)	1.0
	0.7	(1.6)
Items that will not be reclassified to profit or loss:		
Exchange differences on translating foreign operations	28.4	(66.6)
Exchange differences recycled to the income statement in respect of the disposal of foreign operations	(44.5)	(55.7)
	(16.1)	(122.3)
Other comprehensive expense for the year, net of tax	(15.4)	(123.9)
Total comprehensive income for the year	32.1	172.8
Total comprehensive income for the year attributable to:		
– Owners of the parent	31.0	172.7
– Non-controlling interest	1.1	0.1
	32.1	172.8
Total comprehensive income/(expense) attributable to owners of the parent arising from:		
– Continuing operations	31.0	170.6
– Discontinued operations	-	2.1
	31.0	172.7

Consolidated balance sheet

As at 30 September 2013

	Note	2013 £m	2012 £m
Non-current assets			
Goodwill		1,515.2	1,814.4
Other intangible assets		113.5	139.8
Property, plant and equipment		128.8	142.2
Deferred income tax assets		18.7	10.0
		1,776.2	2,106.4
Current assets			
Inventories		2.2	2.5
Trade and other receivables		311.2	302.8
Cash and cash equivalents (excluding bank overdrafts)	7	100.8	61.6
		414.2	366.9
Total assets		2,190.4	2,473.3
Current liabilities			
Trade and other payables		(287.6)	(259.0)
Current income tax liabilities		(35.7)	(29.7)
Borrowings		(21.0)	(8.4)
Other financial liabilities		(30.0)	(60.0)
Deferred consideration		(8.2)	(10.0)
Deferred income		(406.8)	(420.3)
		(789.3)	(787.4)
Non-current liabilities			
Borrowings		(440.6)	(200.8)
Other financial liabilities		(54.2)	(68.3)
Post-employment benefits		(12.9)	(14.3)
Deferred income tax liabilities		(23.1)	(29.5)
		(530.8)	(312.9)
Total liabilities		(1,320.1)	(1,100.3)
Net assets		870.3	1,373.0
Equity attributable to owners of the parent			
Ordinary shares	8	11.7	13.3
Share premium	8	532.2	524.5
Other reserves		60.4	76.5
Retained earnings		267.0	760.8
Total equity attributable to owners of the parent		871.3	1,375.1
Non-controlling interest		(1.0)	(2.1)
Total equity		870.3	1,373.0

Consolidated statement of changes in equity

For the year ended 30 September 2013

	Attributable to owners of the parent				Total £m	Non- controlling interest £m	Total equity £m
	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m			
At 1 October 2012	13.3	524.5	76.5	760.8	1,375.1	(2.1)	1,373.0
Profit for the year	-	-	-	46.4	46.4	1.1	47.5
Other comprehensive (expense)/income:							
Exchange differences on translating foreign operations	-	-	28.4	-	28.4	-	28.4
Exchange differences recycled to the income statement in respect of the disposal of foreign operations	-	-	(44.5)	-	(44.5)	-	(44.5)
Actuarial loss on post-employment benefit obligations	-	-	-	1.1	1.1	-	1.1
Deferred tax charge on actuarial gain on post-employment benefit obligations	-	-	-	(0.4)	(0.4)	-	(0.4)
Total comprehensive (expense)/income for the year ended 30 September 2013	-	-	(16.1)	47.1	31.0	1.1	32.1
Transactions with owners:							
Employee share option scheme:							
- Proceeds from shares issued	-	7.7	-	-	7.7	-	7.7
- Value of employee services	-	-	-	2.9	2.9	-	2.9
Purchase of treasury shares	-	-	-	(251.0)	(251.0)	-	(251.0)
Expenses related to purchase of treasury shares	-	-	-	(2.0)	(2.0)	-	(2.0)
Close period share buyback programme	-	-	-	30.0	30.0	-	30.0
Cancellation of treasury shares	(1.6)	-	-	-	(1.6)	-	(1.6)
Dividends paid to owners of the parent	-	-	-	(320.8)	(320.8)	-	(320.8)
Total transactions with owners for the year ended 30 September 2013	(1.6)	7.7	-	(540.9)	(534.8)	-	(534.8)
At 30 September 2013	11.7	532.2	60.4	267.0	871.3	(1.0)	870.3

Consolidated statement of changes in equity

For the year ended 30 September 2013

	Attributable to owners of the parent					Non-controlling interest £m	Total equity £m
	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m		
At 1 October 2011	13.2	513.2	266.8	914.6	1,707.8	–	1,707.8
Profit for the year	–	–	–	296.6	296.6	0.1	296.7
Other comprehensive income:							
Exchange differences on translating foreign operations	–	–	(66.6)	–	(66.6)	–	(66.6)
Exchange differences recycled to the income statement in respect of the disposal of foreign operations	–	–	(55.7)	–	(55.7)	–	(55.7)
Actuarial loss on post-employment benefit obligations	–	–	–	(2.6)	(2.6)	–	(2.6)
Deferred tax credit on actuarial loss on post-employment benefit obligations	–	–	–	1.0	1.0	–	1.0
Total comprehensive income for the year ended 30 September 2012	–	–	(122.3)	295.0	172.7	0.1	172.8
Transactions with owners:							
Employee share option scheme:							
– Proceeds from shares issued	0.1	11.3	–	–	11.4	–	11.4
– Value of employee services	–	–	–	1.2	1.2	–	1.2
– Equity movement of deferred income tax	–	–	–	(1.7)	(1.7)	–	(1.7)
Purchase of treasury shares	–	–	–	(299.8)	(299.8)	–	(299.8)
Expenses related to purchase of treasury shares	–	–	–	(2.0)	(2.0)	–	(2.0)
Close period share buyback programme	–	–	–	(10.0)	(10.0)	–	(10.0)
Put and call arrangement	–	–	(68.0)	–	(68.0)	–	(68.0)
Non-controlling interest arising on business combination	–	–	–	–	–	(2.2)	(2.2)
Dividends paid to owners of the parent	–	–	–	(136.5)	(136.5)	–	(136.5)
Total transactions with owners for the year ended 30 September 2012	0.1	11.3	(68.0)	(448.8)	(505.4)	(2.2)	(507.6)
At 30 September 2012	13.3	524.5	76.5	760.8	1,375.1	(2.1)	1,373.0

Consolidated statement of cash flows

For the year ended 30 September 2013

	Note	2013 £m	2012 £m
Cash flows from operating activities			
Cash generated from continuing operations	7	417.4	383.8
Interest paid		(12.6)	(11.5)
Income tax paid	7	(118.6)	(95.2)
Operating cash flows used in discontinued operations	7	-	(2.3)
Net cash generated from operating activities		286.2	274.8
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	10	(14.7)	(162.8)
Acquisition of other financial assets		(6.0)	-
Disposal of subsidiaries, net of cash disposed	10	81.4	0.1
Purchases of intangible assets		(9.6)	(10.8)
Purchases of property, plant and equipment		(14.1)	(19.3)
Proceeds from sale of property, plant and equipment		4.7	0.6
Interest received		1.4	2.6
Investing cash flows generated from discontinued operations, net of cash disposed	7	-	198.9
Net cash generated from investing activities		43.1	9.3
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	8	7.7	11.4
Purchase of treasury shares and related expenses	7	(251.0)	(297.5)
Finance lease principal payments		(1.1)	(0.7)
Proceeds from borrowings		514.1	14.8
Repayments of borrowings		(256.5)	(0.7)
Movement in cash received from customers		9.5	0.5
Dividends paid to owners of the parent	6	(320.8)	(136.5)
Net cash used in financing activities		(298.1)	(408.7)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts (before exchange rate movement)			
		31.2	(124.6)
Effects of exchange rate movement			
		(2.7)	(3.0)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts			
		28.5	(127.6)
Cash, cash equivalents and bank overdrafts at 1 October	7	54.4	182.0
Cash, cash equivalents and bank overdrafts at 30 September	7	82.9	54.4

Notes to the financial information

For the year ended 30 September 2013

Group accounting policies

General information

The Sage Group plc (“the Company”) and its subsidiaries (together “the Group”) is a leading global supplier of business management software to small and medium sized companies. The Group has over six million customers and more than 13,600 employees in 24 countries covering Europe, Americas, Africa, Australia, Middle East and Asia.

The financial information set out above does not constitute the Company’s Statutory Accounts for the year ended 30 September 2013 or 2012, but is derived from those accounts. Statutory Accounts for 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered in December 2013. The auditors have reported on both sets of accounts; their reports were unqualified and did not contain statements under section 498 (2), (3) or (4) of the Companies Act 2006.

Whilst the financial information included in this announcement has been computed in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union (“EU”), this announcement does not in itself contain sufficient information to comply with IFRSs. The financial information has been prepared on the basis of the accounting policies and critical accounting estimates and judgements as set out in the Annual Report & Accounts for 2013.

The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is North Park, Newcastle upon Tyne, NE13 9AA. The Company is listed on the London Stock Exchange.

Annual Report & Accounts for the year ended 30 September 2013

Today The Sage Group plc will publish its Annual Report & Accounts for the year ended 30 September 2013. The full document can be viewed on the Company’s website at www.investors.sage.com/reports_presentations. The document will also be uploaded to the National Storage Mechanism and will shortly be available for inspection at www.hemscott.com/nsm.do.

Basis of preparation

The financial information for the year ended 30 September 2013 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority. The consolidated financial information should be read in conjunction with the Annual Report & Accounts for the year ended 30 September 2013, which have been prepared in accordance with IFRSs as adopted by the EU.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this announcement. Accordingly, the consolidated financial information has been prepared on a going concern basis and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

1 Segment information

In accordance with IFRS 8, “Operating Segments”, information for the Group’s operating segments has been derived using the information used by the chief operating decision maker. The Group’s Executive Committee has been identified as the chief operating decision maker as the Committee is responsible for the allocation of resources to operating segments and assessing their performance. The profit measure used by the Executive Committee is Earnings before interest, tax and adjustments (“EBITA”) which excludes the effects of amortisation of acquired intangible assets, acquisition-related items, fair value adjustments and goodwill impairment and exceptional items on a constant currency basis. Operating segments are reported in a manner which is consistent with the operating segments produced for internal management reporting.

The Group is organised into three operating segments. The UK is the home country of the parent. The main operations in the principal territories are as follows:

- Europe (France, UK & Ireland, Spain, Germany, Switzerland, Poland and Portugal)
- Americas (US, Brazil and Canada)
- AAMEA (Africa, Australia, Middle East and Asia)

The revenue analysis in the table below is based on the location of the customer which is not materially different from the location where the order is received and where the assets are located.

The tables below show a segmental analysis of the results for continuing operations. For information relating to discontinued operations refer to note 9.

Revenue by segment

	Year ended 30 September 2013			Year ended 30 September 2012					Change		
	IFRS statutory £m	Organic revenue adjustment ¹ £m	Non-GAAP organic £m	IFRS statutory £m	Currency impact £m	Underlying at constant currency £m	Organic revenue adjustment ¹ £m	Non-GAAP organic constant currency £m	IFRS statutory %	Underlying at constant currency %	Non-GAAP organic constant currency %
Recurring revenue by segment											
Europe	535.2	(29.0)	506.2	516.1	10.6	526.7	(43.8)	482.9	4%	2%	5%
Americas	357.5	(54.0)	303.5	324.2	(1.1)	323.1	(38.9)	284.2	10%	11%	7%
AAMEA	83.4	(0.4)	83.0	82.4	(6.4)	76.0	(1.1)	74.9	1%	10%	11%
Recurring revenue	976.1	(83.4)	892.7	922.7	3.1	925.8	(83.8)	842.0	6%	5%	6%
Software and software-related services ("SSRS") revenue by segment											
Europe	241.7	(14.0)	227.7	259.7	2.0	261.7	(28.5)	233.2	-7%	-8%	-2%
Americas	90.7	(17.3)	73.4	87.5	5.9	93.4	(21.7)	71.7	4%	-3%	2%
AAMEA	67.6	(0.1)	67.5	70.3	(6.5)	63.8	(1.0)	62.8	-4%	6%	7%
SSRS revenue	400.0	(31.4)	368.6	417.5	1.4	418.9	(51.2)	367.7	-4%	-5%	0%
Total revenue by segment											
Europe	776.9	(43.0)	733.9	775.8	12.6	788.4	(72.3)	716.1	0%	-1%	2%
Americas	448.2	(71.3)	376.9	411.7	4.8	416.5	(60.6)	355.9	9%	8%	6%
AAMEA	151.0	(0.5)	150.5	152.7	(12.9)	139.8	(2.1)	137.7	-1%	8%	9%
Total revenue	1,376.1	(114.8)	1,261.3	1,340.2	4.5	1,344.7	(135.0)	1,209.7	3%	2%	4%

Notes:

¹ Organic revenue adjustment includes the contributions of current and prior year acquisitions and disposals.

Profit by segment

	Year ended 30 September 2013			Year ended 30 September 2012					Change		
	IFRS statutory operating profit/(loss) £m	Adjustment ¹ £m	Non-GAAP EBITA £m	IFRS statutory operating profit £m	Adjustment ¹ £m	Non-GAAP EBITA reported £m	Currency impact £m	Underlying Non-GAAP EBITA constant currency £m	IFRS statutory operating profit %	Non-GAAP EBITA reported %	Underlying Non-GAAP EBITA constant currency %
Profit by segment											
Europe	155.7	64.5	220.2	207.8	11.3	219.1	2.9	222.0	-29%	1%	-1%
Americas	(13.7)	128.7	115.0	96.8	9.3	106.1	1.2	107.3	-105%	8%	7%
AAMEA	38.5	2.1	40.6	40.3	0.9	41.2	(3.5)	37.7	-8%	-1%	8%
Total profit	180.5	195.3	375.8	344.9	21.5	366.4	0.6	367.0	-48%	3%	2%

Notes:

¹ Adjustment includes the effects of amortisation of acquired intangible assets, acquisition-related items, fair value adjustments and goodwill impairment and exceptional items.

	Europe £m	Americas £m	AAMEA £m	Group £m
Reconciliation of Non-GAAP EBITA [†] to IFRS statutory operating profit/(loss)				
Non-GAAP EBITA [†]	220.2	115.0	40.6	375.8
Amortisation of acquired intangible assets	(10.0)	(8.4)	(0.7)	(19.1)
Fair value adjustments and goodwill impairment	–	13.5	(1.4)	12.1
Acquisition-related items	–	(0.1)	–	(0.1)
Exceptional items	(54.5)	(133.7)	–	(188.2)
Operating profit/(loss)	155.7	(13.7)	38.5	180.5

Notes:

[†] EBITA measure (earnings before interest, tax and adjustments) excludes the effects of:

- amortisation of acquired intangible assets;
- acquisition-related items;
- fair value adjustments and goodwill impairment; and
- exceptional items.

2 Exceptional items

During the year, a loss on disposal was incurred as a result of the disposal of non-core products. This charge has been separately disclosed on the face of the Consolidated income statement.

An exceptional charge of £2.3m (30 September 2012: £nil) has been included in selling and administrative expenses. These costs were incurred in relation to the defence of the Archer litigation case.

The main components of the exceptional charge are as follows:

	2013 £m	2012 £m
Loss on disposal	(184.6)	–
Deferred revenue unwind	5.6	–
Employee-related costs	(5.6)	–
Property-related costs	(3.8)	–
Other	2.5	–
Disposal of non-core products	(185.9)	–
Archer litigation costs recognised in selling and administrative expenses	(2.3)	–
Total exceptional item	(188.2)	–

3 Reconciliation to statutory revenue and profit before income tax

	2013 £m	2012 £m	Growth %
Reconciliation of revenue			
Revenue at constant exchange rates	1,376.1	1,344.7	+2%
Impact of movements in foreign currency exchange rates	–	(4.4)	
IFRS statutory revenue	1,376.1	1,340.2	+3%

	2013 £m	2012 £m	Growth %
Reconciliation of profit before income tax			
Underlying pre-tax profit	360.5	357.0	+1%
Impact of movements in foreign currency exchange rates	–	(0.7)	
	360.5	356.3	+1%
Amortisation of acquired intangible assets	(19.1)	(17.1)	
Fair value adjustments and goodwill impairment	12.1	–	
Acquisition-related items	(0.1)	(4.4)	
Exceptional items	(188.2)	–	
Imputed interest	(1.1)	(0.5)	
IFRS Statutory profit before income tax from continuing operations	164.1	334.3	-51%

4 Income tax expense

The income tax expense of £116.6m (2012: £95.4m) includes an exceptional tax charge of £17.4m on the disposal of the non-core products. Adjusting for this exceptional charge, the effective tax rate is 28% (2012: 29%). This is in excess of the standard rate of UK tax due to the higher tax rates applicable in the other jurisdictions in which we operate.

5 Earnings per share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares, which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two classes of dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and the contingently issuable shares under the Group's long-term incentive plan. For performance-related share plans, a calculation is performed to determine the satisfaction, or otherwise, of the forecast performance conditions at the end of the reporting period, and the number of shares which would be issued based on the forecast status at the end of the reporting period.

Reconciliations of the earnings and weighted average number of shares	Underlying 2013	Underlying 2012	Statutory 2013	Statutory 2012
Earnings (£m)				
Profit for the year from continuing operations	260.3	254.8	46.4	238.9
Profit/(loss) for the year from discontinued operations	-	1.2	-	57.8
	260.3	256.0	46.4	296.7
Number of shares (millions)				
Weighted average number of shares	1,168.8	1,282.2	1,168.8	1,282.2
Dilutive effects of shares	2.0	1.9	2.0	1.9
	1,170.8	1,284.1	1,170.8	1,284.1
Earnings per share				
Basic earnings per share (pence)				
Continuing operations	22.27	19.87	3.97	18.63
Discontinued operations	-	0.09	-	4.51
	22.27	19.96	3.97	23.14
Diluted earnings per share (pence)				
Continuing operations	22.23	19.84	3.96	18.60
Discontinued operations	-	0.09	-	4.50
	22.23	19.93	3.96	23.10
Reconciliation between statutory and underlying earnings per share			2013 £m	2012 £m
IFRS statutory profit for the year from continuing operations			46.4	238.9
Adjustments:				
Earnings – trading from discontinued operations			-	1.9
Intangible amortisation excluding amortisation of computer software			19.1	17.1
Acquisition-related items			0.1	4.4
Fair value adjustments and goodwill impairment			(12.1)	-
Exceptional items			188.2	-
Imputed interest on put and call arrangement to acquire non-controlling interest and deferred consideration			1.1	0.5
Taxation on adjustments			17.3	(7.0)
Net adjustments			213.9	16.9
Earnings – underlying (before exchange movement)			260.3	255.8
Exchange movement			-	(0.7)
Taxation on exchange movement			-	(0.3)
Net exchange movement			-	(1.0)
Earnings – underlying (after exchange movement)			260.3	254.8

6 Dividends

	2013 £m	2012 £m
Final dividend paid for the year ended 30 September 2012 of 6.67p per share (2012: final dividend paid for the year ended 30 September 2011 of 7.07p per share)	79.3	-
	-	92.1
Interim dividend paid for the year ended 30 September 2013 of 3.69p per share (2012: interim dividend paid for the year ended 30 September 2012 of 3.48p per share)	42.8	-
	-	44.4
Special dividend paid of 17.1p per share	198.7	-
	320.8	136.5

In addition, the directors are proposing a final dividend in respect of the financial year ended 30 September 2013 of 7.44p per share which will absorb an estimated £82.8m of shareholders' funds. It will be paid on 10 March 2014 to shareholders who are on the register of members on 14 February 2014. The financial statements do not reflect this dividend payable.

7 Net debt

	At 1 October 2012 £m	Cash flow £m	Acquisitions £m	Non-cash movements £m	Exchange movement £m	At 30 September 2013 £m
Analysis of change in net debt (inclusive of finance leases)						
Cash and cash equivalents	61.6	41.8	-	-	(2.6)	100.8
Bank overdrafts	(7.2)	(10.6)	-	-	(0.1)	(17.9)
Cash, cash equivalents and bank overdrafts	54.4	31.2	-	-	(2.7)	82.9
Finance leases due within one year	(1.2)	1.2	(0.1)	(1.0)	-	(1.1)
Loans due after more than one year	(199.2)	(258.8)	-	(0.8)	16.8	(442.0)
Finance leases due after more than one year	(1.6)	-	(0.1)	1.0	-	(0.7)
Cash collected from customers	(13.9)	(8.4)	-	-	(1.1)	(23.4)
Total	(161.5)	(234.8)	(0.2)	(0.8)	13.0	(384.3)

Included in cash above is £23.4m (2012: £13.9m) relating to cash collected from customers, which the Group is contracted to pay onto another party. A liability for the same amount is included in trade and other payables on the balance sheet and is classified within net debt above.

	2013 £m	2012 £m
EBITA	375.8	366.4
Acquisition-related items	(0.1)	(4.4)
Depreciation/amortisation/profit on disposal of intangible assets and property, plant and equipment	32.9	29.0
Share-based payments	2.9	1.3
Changes in working capital	2.4	(16.7)
Increase in deferred income	9.0	12.6
Litigation costs	(2.3)	-
Exchange movement	(3.2)	(4.4)
Cash generated from continuing operations	417.4	383.8
Operating cash flows used in discontinued operations	-	(2.3)
Net interest paid	(11.2)	(8.9)
Income tax paid	(118.6)	(95.2)
Net capital expenditure	(19.0)	(29.5)
Free cash flow	268.6	247.9
Net debt at 1 October	(161.5)	(24.9)
Acquisitions and disposals	60.7	(162.7)
Investing cash flows generated from discontinued operations	-	198.9
Dividends paid to Company's shareholders	(320.8)	(136.5)
Purchase of treasury shares and related expenses	(251.0)	(297.5)
Exchange movement	13.0	3.3
Other	6.7	10.0
Net debt at 30 September	(384.3)	(161.5)

8 Ordinary shares and share premium

	Number of shares	Ordinary shares £m	Share Premium £m	Total £m
At 1 October 2011	1,323,837,836	13.2	513.2	526.4
Shares issued/proceeds	5,679,734	0.1	11.3	11.4
At 30 September 2012	1,329,517,570	13.3	524.5	537.8
Shares issued/proceeds	3,792,153	-	7.7	7.7
Shares cancelled	(159,525,800)	(1.6)	-	(1.6)
Share consolidation	(59,648,503)	-	-	-
At 30 September 2013	1,114,135,420	11.7	532.2	543.9

9 Discontinued operations

There are no discontinued operations in the current year. In the prior year, the results of Sage Software Healthcare, LLC ("Sage Healthcare") was recognised as a discontinued operation following the sale to Vista Equity Partners on 10 November 2011.

	2013 £m	2012 £m
Revenue	-	16.5
Selling and administrative expenses	-	(14.4)
Operating profit	-	2.1
Finance costs	-	(0.2)
Profit on disposal of Sage Healthcare	-	0.9
Cumulative exchange gain in respect of the net assets of the subsidiary, reclassified from equity on disposal	-	55.7
Impairment of disposal group to fair value less costs to sell	-	-
Profit before income tax	-	58.5
Income tax expense	-	(0.7)
Profit for the year from discontinued operations	-	57.8

Earnings per share information can be found in note 4.

The cash flow statement shows amounts related to discontinued operations.

10 Acquisitions and disposals

Acquisitions made during the year

Acquisition of EBS Empresa Brasileira de Sistemas Ltda.

On 11 October 2012 the Group acquired EBS Empresa Brasileira de Sistemas Ltda. ("EBS"), a provider of accounting, business management and tax software in Brazil, for a cash consideration of up to £11.3m, including a payment of £2.0m linked to the future financial performance. The provisional fair value of the assets acquired was £nil, resulting in provisional goodwill of £11.3m.

Other

On 31 December 2012 the Group acquired 100% of the share capital of Tangane SAS in France for deferred consideration of £0.5m.

The net identifiable assets (including intangible assets) were recognised at their provisional fair values. The residual excess over the net assets acquired has been recognised as goodwill. Details of net assets acquired and goodwill are as follows:

Summary of acquisitions	£m
Purchase consideration	
Cash	3.2
Deferred/contingent consideration	8.6
Total purchase consideration	11.8
Fair value of net identifiable assets	-
Goodwill	11.8

Goodwill represents the fair value of the assembled workforce at the time of acquisition along with potential synergies with the existing Sage business.

	EBS £m	Other £m	Total £m
Provisional fair value of acquisitions			
Property, plant and equipment	0.2	-	0.2
Trade and other receivables	0.2	-	0.2
Cash and cash equivalents	0.2	-	0.2
Trade and other payables	(0.5)	-	(0.5)
Current borrowings	(0.1)	-	(0.1)
Total net identifiable (liabilities)/assets acquired	-	-	-
Goodwill	11.3	0.5	11.8
Consideration satisfied by:			
Cash	3.2	-	3.2
Deferred/contingent consideration	8.1	0.5	8.6
Total purchase consideration	11.3	0.5	11.8

The outflow of cash and cash equivalents on the acquisitions is calculated as follows:

Cash consideration	3.2	-	3.2
Cash and cash equivalents acquired	(0.2)	-	(0.2)
Borrowings acquired	0.1	-	0.1
Deferred consideration acquired, paid post acquisition	-	11.6	11.6
Net cash outflow in respect of acquisitions	3.1	11.6	14.7

Deferred/contingent consideration

Deferred consideration payable to the former owners of EBS of £8.1m has been recognised at fair value. £2.0m of this additional consideration is contingent on the EBITDA results for the years ending 31 September 2013 and 2014.

Contribution of acquisitions

From the dates of the acquisitions to 30 September 2013, the acquisitions contributed £5.0m to revenue and £0.8m to profit before income tax. Had these acquisitions occurred at the beginning of the financial year, contribution to Group revenue would have been £5.1m and Group profit before income tax would have increased by £0.8m.

Acquisition-related items

Acquisition-related items of Enil (2012: £4.4m) have been included in selling and administrative expenses in the Consolidated income statement. These acquisition-related items (previously recognised in goodwill prior to IFRS 3 (Revised), "Business Combinations", relate to completed transactions and include advisory, legal, accounting, valuation and other professional or consulting services.

Disposals made during the year

Disposal of North American non-core products

On 20 March 2013 the Group completed the sale of the trade and assets of Sage ACT! and Sage Saleslogix, the two international CRM products identified as non-core, to Swiftpage, and the trade and assets of Sage Nonprofit Solutions, Sage's vertical software solutions for not-for-profit organisations, to Accel-KKR. The financial performance of these businesses have not been treated as discontinued operations in the period as the products being sold do not represent major lines of business or geographical areas.

Disposal of European non-core products

On 30 April 2013 the Group completed the sale of four European non-core products including C&I, ATL and Automotive in France and Aytos in Spain to Argos Soditic. The financial performance of these businesses have not been treated as discontinued operations in the period as the products being sold do not represent major lines of business or geographical areas.

Other disposals

On 9 November 2012 the Group disposed of TimeSheet, a small product line in North America, for net cash consideration of £0.8m.

On 1 October 2012 the Group disposed of API Santé, a small product line in France, for deferred consideration of £0.2m.

On 10 January 2013 the Group disposed of e-Report, a small product line in France, for net cash consideration of £0.2m.

On 6 March 2013 the Group disposed of KDP, a small product line in France, for net cash consideration of £0.1m.

On 30 April 2013 the Group disposed of the UK construction business, for net cash consideration of £2.4m.

On 31 July 2013 the Group disposed of Automobile a product line in Spain, for net cash consideration of £0.8m.

	Sage ACT! and Saleslogix £m	Sage Nonprofit Solutions £m	European non-core products £m	Other £m	Total £m
The profit on disposal is calculated as follows:					
Disposal proceeds	8.6	49.7	34.9	4.5	97.7
Costs to sell recognised in year	(2.7)	(1.7)	(1.9)	(0.4)	(6.7)
Disposal proceeds, less costs to sell recognised in year	5.9	48.0	33.0	4.1	91.0
Net assets disposed	(203.1)	(21.6)	(66.6)	(28.8)	(320.1)
Profit/(loss) on disposal	(197.2)	26.4	(33.6)	(24.7)	(229.1)
Cumulative exchange gain in respect of the net assets of the subsidiary, reclassified from equity on disposal	28.7	3.5	11.2	1.1	44.5
Profit/(loss) on disposal	(168.5)	29.9	(22.4)	(23.6)	(184.6)

As part of the sale of Sage ACT! and Saleslogix there was non-cash consideration. The fair value of this consideration has been determined as nil.

The loss on disposal is reflected as a separate line item in the Consolidated income statement.

	£m
The inflow of cash and cash equivalents on the disposal of Sage Healthcare is calculated as follows:	
Disposal proceeds, less total costs to sell	91.0
Cash disposed	(9.6)
Net cash inflow from the disposed of discontinued operations	81.4

Analysis of net outflow of cash in respect of acquisitions and disposals

	£m
The outflow of cash and cash equivalents on the acquisitions and disposals is calculated as follows:	
EBS	3.1
Other	11.6
Acquisitions of subsidiaries	14.7
Sage ACT! and Saleslogix	5.9
Sage Nonprofit Solutions	48.0
European non-core products	23.4
Other	4.1
Disposal of subsidiaries	81.4

Analysis of goodwill

	£m
The total additions and disposals to goodwill are calculated as follows:	
EBS	10.4
Other	0.5
Additions	10.9
Sage ACT! and Saleslogix	(208.8)
Sage Nonprofit Solutions	(27.3)
European non-core products	(56.9)
Other	(26.0)
Disposals	(319.0)
Net movement in goodwill on acquisitions and disposals	(307.2)

11 Related party transactions

The Group's related parties are its subsidiary undertakings and Executive Committee members. The Group has taken advantage of the exemption available under IAS 24, "Related Party Disclosures", not to disclose details of transactions with its subsidiary undertakings.

	2013 £m	2012 £m
Key management compensation		
Salaries and short-term employee benefits	5.5	5.0
Post-employment benefit	0.5	0.5
Share-based payments	1.3	0.7
	7.3	6.2

The key management figures given above include directors. Key management personnel are deemed to be members of the Executive Committee and are defined in the Group's Annual Report & Accounts 2013.

Supplier transactions occurred during the year between Softline (Pty) Ltd, one of the Group's subsidiary companies, and Ivan Epstein Chief Executive Officer, AAMEA. These transactions relate to the lease of three properties in which Ivan Epstein has a minority and indirect shareholding. During the year £1.1m (2012: £0.8m) relating to these transactions was charged through selling and administrative expenses. There were no outstanding amounts payable as at the year ended 2013 (2012: Enil).

Supplier transactions occurred during the year between Sage SP, S.L., one of the Group's subsidiary companies and Álvaro Ramírez, Chief Executive Officer, Europe. These transactions relate to the lease of a property in which Álvaro Ramírez has a minority shareholding. During the year £0.2m (2012:

£0.2m) relating to these transactions was charged through selling and administrative expenses. There were no outstanding amounts payable as at the year ended 2013 (2012: £nil).

These arrangements are subject to independent review using external advisers to ensure all transactions are at arm's length.

12 Group risk factors

Principal Risks and Uncertainties

Risks can materialise and impact on both the achievement of business strategy and the successful running of our business. A key element in achieving our strategy and maintaining services to customers is the management of risks. Our risk management strategy is therefore to support the successful running of the business by identifying and managing risks to an acceptable level and delivering assurances on this.

In addition to the principal risks and uncertainties set out below, we have reviewed our strategic plans in light of potential risks to achieving our strategic objectives. Principal risks and uncertainties have been updated to reflect high level strategic risks. Lower level strategic risks are analysed and mitigated via the normal, embedded risk management processes.

Risk 1: Technology Transformation

There is a risk that we do not successfully transform our business in relation to technology initiatives by failing to achieve targets and milestones and meet our strategic timetable.

Potential Impact

- We do not keep up with market expectations or compete effectively with rival providers
- Negative impact on future revenue and damage to future growth potential
- Loss of existing customers and inability to attract new customers
- Negative reputational impact

Principal Mitigations

- Individual initiatives are monitored by the Group Executive Committee and Group PMO. Targets, milestones and timelines are tracked and progress is regularly reported and reviewed
- Strategic opportunities are regularly reviewed by the Group Board
- The Technology Advisory Group reviews specific key technology initiatives on a regular basis

Risk 2: Online Solutions

There is a risk that we do not provide highly available and secure online solutions

Potential Impact

- Negative reputational impact
- Data breach, corruption or loss, leading to potential regulatory penalties or financial loss
- Negative impact on current and future revenue and damage to future growth potential
- Loss of existing customers and inability to attract new customers

Principal Mitigations

- Detailed product and services release and quality control procedures
- Thorough quality assurance processes and initiatives relating to the level of service provided to customers
- Detailed framework to control the risks associated with the provision of online services and the protection of data
- On-going monitoring of availability and security incidents for online solutions

Risk 3: Resource Allocation

There is a risk that we do not appropriately allocate resources to key priorities and do not balance short-term delivery needs with long-term business objectives

Potential Impact

- Short-term financial results are not achieved in terms of budget and KPIs
- Strategic initiatives are not completed and our potential is not realised

Principal Mitigations

- Detailed business planning and budget processes to allocate resource and review results on a regular basis

Risk 4: Pricing Initiatives

Risk associated with not completing the pricing initiatives to deliver expected benefits within the agreed timescales

Potential Impact

- Negative impact on current and future revenue and damage to future growth potential
- Strategic initiatives are not completed and our potential is not realised

Principal Mitigations

- Individual initiatives are monitored by the Group Executive Committee and Group PMO. Targets, milestones and timelines are tracked and progress is regularly reported and reviewed
- Recruitment of Pricing Strategists throughout the Group

Risk 5: Regulatory and Compliance Failure

There is a risk that we suffer a significant compliance or regulatory failure, or that we do not have appropriate governance, decision making or delegation of authorities in place

Potential Impact

- Negative reputational impact
- Data breach, corruption or loss leading to potential regulatory penalties or financial loss
- Impact on current and future revenues and damage to future growth potential
- Loss of existing customers and inability to attract new customers
- Loss of shareholder confidence

Principal Mitigations

- Group-wide compliance programme which seeks to ensure that all local, national and international regulatory and compliance requirements are identified and complied with

Risk 6: Traditional Products

There is a risk that we suffer a major issue with a significant traditional, on-premise product.

Potential Impact

- Negative reputational impact
- Impact on current and future revenues and damage to future growth potential
- Loss of existing customers and inability to attract new customers

Principal Mitigations

- Detailed product and services release and quality control procedures
- Thorough quality assurance processes and initiatives relating to the level of service provided to customers

Risk 7: Source Code and Intellectual Property

There is a risk that we do not appropriately protect our source code and intellectual property.

Potential Impact

- Unauthorised copies of our software, leading to loss of revenue and/or customers
- Negative reputational impact
- Impact on current and future revenues and damage to future growth potential

Principal Mitigations

- Continual policing of unauthorised use of our products
- Secure storage and protection of source code and intellectual property throughout the Group
- Reliance on laws and regulations

Risk 8: Change Management

With new business priorities, there are risks associated with the change management impact on employees, systems and the alignment of talent with prioritised business areas.

Potential Impact

- Loss of talent and resources key to successful strategic delivery
- Inability to operate effectively and maintain a competitive edge
- Loss of sensitive information and knowledge

Principal Mitigations

- Change management programme, including talent review and systems requirements review
- Key man dependency and succession planning processes

13 Events after the reporting period

Share buyback

On 30 September 2013 the Group appointed CitiGroup Global Markets Limited to manage an irrevocable buyback programme during the close period which commenced on 1 October 2013 and will run up to 4 December 2013. From 1 October 2013 to 28 November 2013, the latest practical date prior to publication of the Annual Report & Accounts, 5,507,000 ordinary shares of 1p each were repurchased through CitiGroup Global Markets Limited at a weighted average price of 333.4p per share. The highest and lowest prices paid for these shares were 350.0p per share and 312.3p per share respectively. The purchased shares have not been cancelled and are held as treasury shares. The total number of ordinary shares in issue (excluding shares held as treasury shares) at 29 November 2013 is 1,096,898,597.

Executive Committee change

On 11 November 2013 the Group announced the appointment of Steve Hare as Chief Financial Officer, who will join Sage's Executive Committee on 3 January 2014.

Responsibility statement of the directors on the Annual Report & Accounts

The Group's Annual Report & Accounts for the year ended 30 September 2013 includes the following responsibility statement.

Each of the directors confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

G S Berruyer
Chief Executive

4 December 2013