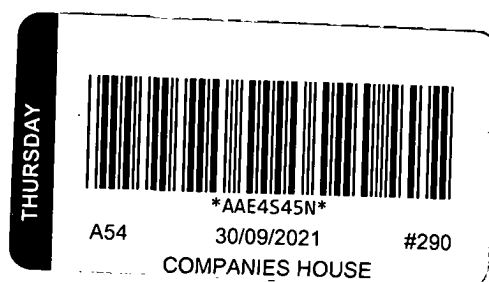

SAS SOFTWARE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



SAS SOFTWARE LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Director | Wm. David Davis |
| Company secretary | Mary Phillips |
| Registered number | 01316437 |
| Registered office | Wittington House Henley Road Medmenham Marlow Buckinghamshire SL7 2EB |
| Independent auditor | BDO LLP Level 12, Thames Tower Reading Berkshire RG1 1LX |
| Bankers | National Westminster Bank 7 High Street Marlow Buckinghamshire SL7 1AY |

SAS SOFTWARE LIMITED

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SAS SOFTWARE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Director presents this Strategic report together with the audited financial statements for the year ended 31 December 2020.

Principal activity and review of the business

The principal activity of the Company is to license software to business customers, typically on an annual basis, and to provide professional services, most notably consultancy, training, hosting and remote managed services, to support the installation, adoption and use of the software licensed.

The Company's key financial and other performance indicators during the year were as follows:

| | <u>2020</u> | <u>2019</u> | <u>Growth</u> |
|---|----------------|----------------|---------------|
| Software licence revenue before deferrals (£'000) | 99,367 | 120,845 | -18% |
| Software licence revenue deferrals (£'000) | 9,948 | (2,866) | -447% |
| Net software licence revenue (£'000) | <u>109,314</u> | <u>117,979</u> | -7% |
| Services and other operating revenue (£'000) | <u>32,192</u> | <u>23,282</u> | 38% |
| Turnover (£'000) | <u>141,506</u> | <u>141,261</u> | 0% |
| Renewal revenue retention - % | 96% | 96% | |
| Total expenses (£'000) | 137,124 | 138,141 | -1% |
| Average number of employees | 661 | 633 | 4% |
| Closing number of employees | 663 | 649 | 2% |
| Revenue per head (£'000) | 214 | 223 | -4% |
| Current assets as a % of current liabilities | 99% | 98% | |
| Net pre-tax statutory profit (£'000) | 5,105 | 4,207 | 21% |

SAS SOFTWARE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

In 2020 total turnover was £141.5m (2019: £141.3m), a 0.2% increase on the previous financial year.

Net software license revenue of £109.3m decreased by 7.3% (2019: £118.0m) and accounted for 77% of turnover (2019: 84%). Software license revenue is typically contracted for a fixed 12 month or greater license period and is recognised into revenue evenly over the duration of each underlying license. As a consequence, a proportion of license revenues sold in 2020 will be deferred for recognition into turnover in future accounting periods, whilst a proportion of license revenues sold in prior financial years would be recognised into 2020 turnover. Total net software license revenue deferrals have reduced by £12.8m (2019: increased by £8.7m), showing a net release of deferrals in 2020 of £9.9m (2019 net deferral: £2.9m).

Renewal revenues relate to customer software licenses originally contracted in 2019 or earlier and which have continued to be licensed by the customer in 2020. Renewal revenue retention rates have remained stable at 96% (2019: 96%), underlining continued loyalty from the Company's existing customer base and continued value offered by the SAS software product suite.

Services and other operating revenue of £32.2m (2019: £23.3m) grew by 38% in the year and accounted for 23% of total turnover (2019: 16%). Consultancy services accounted for £22.2m of this revenue, increasing by 37% over the previous financial year (2019: £16.2m).

Total expenses of £137.1m decreased by 0.7% from the previous year (2019: £138.1m). Although the closing headcount increased to 663 (2019: 649) by the end of 2020, overall expenditure decreased as the result of a global travel ban enforced in April 2020 by the SAS Group, in addition to many marketing events being either postponed or moving digital as a direct response to the Covid-19 pandemic. The increase in total operating revenues combined with the reduction in total expenses have generated an increase in profit before tax in 2020 to £5.1m (2019: £4.2m). Closing cash balances increased to £64.3m (2019: £56.9m), which has primarily been driven by a reduction in aged trade debtors supported by improved credit control processes, which meant that the Company continued to maintain a healthy liquidity ratio of 99% (2019: 98%).

SAS SOFTWARE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as economic pressures and uncertainty, competitive, legislative and financial instrument risk.

Economic pressures and uncertainty

The industry in which the Company operates is susceptible to significant changes in the strength of the global and local economy and the financial health of companies that make capital commitments for new technologies. While the long-term economic impact of the UK's exit from the European Union, and subsequent transition period ending 31 December 2020 on the spending patterns of current and prospective customers is yet to materialise, the situation is being monitored closely, with the short-term impact assessed to only be minor.

The impact on free movement of people, pound sterling, the level and operation of customer buying decisions and location for those decisions, and the timing of purchases and/or the ability of customers to fulfil their obligations represent potential future risks for the organisation, as for many others within the technology and other sectors.

Competitive risks

The Company operates in the advanced and predictive analytics software market place. Software solutions and offerings are developed by the Company's ultimate parent, SAS Institute Inc., and are marketed, sold, implemented and supported by SAS Software Limited predominantly within the UK.

The continued expansion of data increases opportunities for value to be delivered to organisations of all sizes in both public and private sectors via business analytics, particularly by predictive analytics tools and solutions. Demand has and will continue to increase for artificial intelligence, fraud, risk management and cloud solutions. Data protection regulations such as GDPR and increasingly complex data landscapes will mean data governance and data quality capabilities will become of increasing importance. Customer choice for how to harness the value from data will continue to grow, as will their choice of commercial options to achieve this.

The growth in opportunities continues to attract new entrants into the business analytics space alongside consolidation within the sector and the Company's established competitors. Whilst use of open source technologies continues to grow and demand for 'good enough' analytics continues to strengthen, SAS Software Limited remains well placed to compete and succeed with these developments.

As part of the SAS Institute Inc. Group, recognised as the leader in predictive and advanced analytics, the Company has extensive experience, proven solutions and a deep, diverse and loyal customer portfolio. It is committed to continue to invest to grow the Company's product and solution offerings in critical, established and emerging areas and the commercial options available to access those offerings. The Group is in its third year of a three year project to invest \$1bn in Artificial Intelligence, focusing on R&D innovation, education initiatives and addressing the customer needs. Targeted investments will continue to be made to accelerate growth in its other core areas of machine learning, analytics, fraud, risk management, data management and customer intelligence in addition to cloud, Internet of Things and expansions into the mid-market. The Company will continue to expand its reach to the market by extending its relationships with systems integrators, resellers, OEMs and managed analytic service providers. Analysts continue to endorse SAS' position as a leader in its chosen markets, which increases the Company's ability to attract and retain a high-quality workforce.

The Company believes these factors mean they are well placed to continue to compete successfully against its competitors and to profitably grow their market share in its chosen markets.

SAS SOFTWARE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Legislative risks

The Company continues to monitor best practice and legislative changes in all of its operations and to adopt progressive policies in their regard. Further it continues to develop new software and related consulting services solutions which assist its customers in complying with changing legislation affecting their own operations.

General Data Protection Regulation introduced in 2018 has had an impact on most organisations. The Company is proactively committed in ensuring its full compliance in this regard and in providing software and services solutions to the market to assist existing and prospective customers.

Financial instruments risks

The Company has an established financial management framework whose primary objectives are to protect the Company from events which hinder the achievement of its performance objectives. The framework aims to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk. The Company has a strong credit control function to ensure deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Operational risks

This risk relates to the risk of financial loss resulting from internal processes, people and systems. The Company manages this risk through appropriate internal controls, continuous process improvement and management review.

Section 172 statement

The Director continues to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith, the Director considers what is most likely to promote the success of the Company for its shareholding member in the long term.

1. Interests of employees

The Company has an on-going commitment to strengthen employee engagement by building on its top 15 ranking in the 2020 UK Great Place to Work (large organisations) Awards.

The Company is committed to providing its employees with equal opportunities in a workplace free from discrimination. Recruitment, selection and career development are based on competence and job requirements, irrespective of race, sex, sexual orientation, religion or disability. SAS has demonstrated its strong commitment to diversity and inclusion by participating in the CEO Action for Diversity and Inclusion, which is the largest CEO driven business commitment to advance diversity and inclusion in the workplace. The Company publishes gender pay gap and diversity information on its website.

The Company gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job. Where existing employees become disabled it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled persons wherever appropriate.

Details of the Company's approach to employee engagement can be found in the Director's report on page 8.

SAS SOFTWARE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Business relationships

SAS values its supply network, therefore it is imperative that strong and reliable relationships are maintained. The Company endeavours to meet all of its payment obligations as they fall due, this is highlighted by the supplier payment practices reporting for the period July – December 2020, detailing an average time to pay of 27 days. Annual supplier reviews are carried out to ensure that we continue to work with the best suppliers, that align to SAS' values and meet our strict due diligence criteria.

Events are regularly held for the Company's customers, such as the annual SAS Forum, where we drive customer engagement, share customer insights and provide the latest Company news. We continue to support our customers through this challenging time, and where customers have requested extended payment terms or licence key extensions due to the impact of Covid-19, we are working closely with our customers to ensure they remain operational whilst in a period of uncertainty. During the year the Company offered free e-Learning and virtual live web training for selected courses to our customers. This offering has increased during the Covid-19 pandemic with 7,564 participants taking up these courses, compared to 5,958 in FY 2019. During the year, we have also been able to support our customers as their requirements have changed, supporting both the government sector with a variety of initiatives, and the retail sector with the changes faced in supply and demand chains.

The Company has continued proactive engagement with HMRC, with no overdue debt outstanding.

3. Impact on community and environment

The SAS global green initiative represents the continuous effort by SAS employees around the world to grow and maintain a successful business without sacrificing our planet's natural resources. Sustainable environmental issues, such as preservation of natural resources, energy efficiency, reuse and recycling are concerns worthy of exploration, careful attention and diligent action. The below is our annual efficiency energy statement supported by our Intensity ratio performance:

| Date Period | Total Energy Consumed Year to Date in (kWh) | | | | | Total Carbon Dioxide Emitted Year to Date in (tCO ₂ e) | | | Intensity Ratio tCO ₂ e/£m |
|-------------|---|-------------|-----------|-----------|-----------|---|--------------|-------------|--|
| | Electricity | Natural Gas | LPG | Transport | Total | Scope 1 | Scope 2 (LB) | Scope 1 & 2 | |
| 2020 | 2,264,648 | 44,708 | 1,029,301 | 180,484 | 3,519,142 | 277 | 528 | 805 | 5.69 |

Table 1 - Intensity Ratio Performance

Measures that the Company have implemented include:

- Purchasing 100% of energy used at the HQ in Marlow from 'Green' energy sources.
- All SAS UK offices have recycling facilities available. The SAS Marlow office operates a Zero Waste to Landfill collection service.
- The Company operates a Bio-Bubble sewage treatment system which produces a very high-quality Grey water which is available for use for grounds irrigation as needed. The system is a high energy efficient/low carbon footprint system and produces 150 cubic metres of water per day in two twelve-hour cycles.
- Installation of intelligent lighting systems as part of the 2019/20 building refurbishment at the Marlow HQ which automatically reviews the level of lighting required to ensure optimal efficiency levels are achieved.
- Continual replacement of internal lighting across the Marlow HQ to utilise LED bulbs and replacing switches with sensors where pertinent.
- The introduction of Solar lighting.
- The introduction of EV charging stations to encourage the uptake of electrical vehicles amongst our employee base.

SAS SOFTWARE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

We host a number of activities where we give back to the community, including:

- Hosting local events on the grounds of our head office estate.
- Providing use of our cricket grounds to our local cricket team.
- Involvement in STEM education.
- Creation of the SAS STEP programme which offers free data analytics training to support the re-skilling of workers in the UK impacted by the Covid-19 pandemic.
- Charitable giving.
- Employee volunteering in the local community.

4. Maintain reputation for high standards

The Company strives to maintain its reputation for high standards and all employees are encouraged and expected to represent the Company in this way. The Company maintains an ISO 270001 certification for its Information Security Management. All employees are required to undertake mandatory training on areas such as anti money laundering, antibribery and corruption, and information security to ensure that they are aligned to the Company procedures.

5. Act fairly between members of the Company

The Company is owned by its parent company, SAS Institute Inc., who is responsible for ensuring that the Group act fairly between members.

6. Likely consequence of any decisions in the long term

The Company operates under a limited distribution model and therefore is not responsible for global strategic decision making. Local operational decisions are made at the Company level however strategic long-term decisions are made for the Group by the ultimate parent company.

This report was approved by the board on 28-Sep-2021 | 2:14 PM EDT and signed of its behalf.

DocuSigned by:
Wm. David Davis
095733CD8E6A10
Wm. David Davis
Director

SAS SOFTWARE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Director presents his report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £3,684,795 (2019: £3,283,124).

The Director does not recommend payment of a final dividend for the year ended 31 December 2020. During the year ended 31 December 2020, the Director did not propose payment of an interim dividend per ordinary share (2019: £4,400), totalling £Nil (2019: £4,400,000).

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position and its exposure to competitive and legislative risks are described in the review of the Strategic report on pages 1 to 6.

The Company has considerable financial resources together with long term contracts with a number of customers across different geographical areas and industries. It is free of material long term debt and owns the freehold of its headquarters set in 110 acres in Medmenham, Buckinghamshire. The Director believes that the Company is well placed to manage its risks successfully.

The "quick ratio" of the Company (current assets as a percentage of current liabilities) has remained consistent at 99% at 31 December 2020 (2019: 98%). This ratio is influenced principally by the increase in cash in hand to £64.3m (2019: £56.9m), partially offset by an increase in short-term accruals and deferred income to £98.1m (2019: £97.3m).

The overall level of the "quick ratio" does not reflect the true overall strength of the Company's Statement of financial position. Long term liabilities reported at 31 December 2020 reflects deferred software licence revenue which will not be recognised into turnover before the start of 2022. As with deferred software licence revenue reported within current liabilities these amounts are underpinned by committed customer contracts.

All fixed assets reported in the Statement of financial position as at 31 December 2020 are stated at their historic cost. The Company, aside from deferred revenue stated above, has no long-term liabilities.

The Covid-19 pandemic has become a worldwide crisis and at the date of this report it is difficult to assess the long-term consequences for the Company. However, the effects to date on the Company's operations have remained relatively limited, with recurring software revenues maintained along with delivery of consulting services. The impact of working from home has not created any issues and we do not foresee any problems with the ongoing operations or financial stability of the Company. In the longer term, we expect that the extensive measures taken to limit the spread of infection may affect the Company's revenues, however with 63% of revenues made up from the Financial and Public sectors combined, the commercial sector, who have been most impacted, account for only 37% of revenues and therefore the Company is hopeful that the impact will not be significant. To balance this, we are continuing to review our own costs to identify where reductions and efficiencies can be made. We have seen a significant reduction in travel costs with a Company wide restriction on business travel until August 2021. In addition, customer events have been cancelled or held virtually which has led to further cost savings. As noted above, the Company has significant cash resources to allow it to continue to meet liabilities as they fall due. It is not foreseen that the consequences of the pandemic will have a material impact on the Company's going concern position going forward.

The Company operates under a limited distribution model whereby the Company is guaranteed a fixed margin by its ultimate parent company, SAS Institute Inc.. The Director has therefore considered this alongside the going concern of the ultimate parent company in assessing the going concern of the Company.

SAS SOFTWARE LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Going concern (continued)

After making enquiries, the Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the report and financial statements.

Director

The Director who served during the year was:

Wm. David Davis

Director's indemnity insurance

The Company's parent has granted an indemnity to the Company's Director against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Director's report.

Political and charitable contributions

During the year the Company made contributions totalling £3,698 (2019: £16,247) to registered charities. No political contributions were made during the year (2019: £Nil).

Employee involvement

During the year the policy of providing employees with information about the Company has continued through the 'Inside SAS' Intranet site in which employees have been encouraged to present their suggestions and views on the Company performance. A weekly communication 'The weekly wrap' is issued to all staff providing corporate updates from each area of the business.

Regular 'All Hands' meetings between local senior management and employees are held provide information and updates and are supported by regular written, audio and audio visual communications to update staff on Company news and progress.

Employee forums are open to all staff to participate in and are held regularly to review and make recommendations in regard to Company policies and practices whilst all managers in the business are encouraged to hold regular meetings with their staff on a one to one and whole team basis. In addition, the Company's People Charter outlines expected behaviours and approaches all employees in relation to supporting the Company to meet its goals.

Monthly management meetings are held by all functional heads to facilitate a formal review of activities and exchange of ideas across the business. These are informed and supported by strategic quarterly business reviews.

Employees participate directly in the success of the business through the Company's annual bonus scheme.

SAS SOFTWARE LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Future developments

The rapid growth in data and advancement of technology to broaden the ways in which it is accessed and utilised will only increase the use of business and predictive analytics tools and solutions across all sectors. To succeed, organisations must find innovative ways to put analytics into action and unlock the value from their data. This plays to the core strengths of SAS Software Limited whose broad breadth and depth of advanced and predictive analytics solutions, data management and data visualisation offerings provides a complete analytics environment to do this. With continuing committed investment from SAS Software Limited's parent company, SAS Institute Inc., from enhanced cloud and analytics as a service options to new industry solutions, throughout 2021 the Company will be unveiling more ways to help customers and prospects in its chosen markets.

Alongside consolidating offerings to market the Company will continue to invest strongly in broadening its ecosystem to offer more options for implementing SAS software, continue to increase the options available for how analytics is delivered, to further strengthen its expertise across domains and to work closely with its customer base to ensure its innovation continues towards solving significant business needs.

As far as the outbreak of Covid-19 is concerned, the Director expresses his view that, although the consequences thereof may not have materialised in full as at the date of signing this report, such consequences do not have a material impact on the Company's financial position for the year ended 31 December 2020, nor have an impact on the company's going concern in 2021. The global SAS management observes the spread of the Covid-19 crisis and coordinates new developments on a daily basis, and, in order to reduce the risk for its employees, the Company has implemented home-working. The business continues to review its continuity of business plans to ensure that all critical operations remain active and the business can effectively meet the requirements of its stakeholders.

Research and development activities

The Company has undertaken significant investment in research and development, with £6.8m spent in the year ended 31 December 2020 (2019: £6.5m). The research and development function have continued to innovate and develop new products and solutions that are appropriate to the marketplace and to broaden its product footprint.

SAS SOFTWARE LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Director's responsibilities statement

The Director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Director is required to:

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

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Disclosure of information to auditor

The Director, at the time when this Director's report is approved, has confirmed that::

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that ought to have 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.

Strategic report

The Company has chosen in accordance with the Companies Act 2006, section 414C(11) to set out in the Company's Strategic report information in respect of financial instruments required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7 to be contained in the Director's report.

SAS SOFTWARE LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28-Sep-2021 | 2:14 PM and signed on its behalf.

DocuSigned by:
Wm. David Davis
Wm. David Davis
Director

SAS SOFTWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAS SOFTWARE LIMITED

Opinion on the financial statements

In our opinion the financial statements:

1. give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
2. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
3. have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of SAS Software Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's 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 at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director with respect to going concern are described in the relevant sections of this report.

SAS SOFTWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAS SOFTWARE LIMITED (CONTINUED)

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

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 the Director's 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Director

As explained more fully in the Director's Responsibilities Statement, the Director is 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 Director determines 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 Director is 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 Director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

SAS SOFTWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAS SOFTWARE LIMITED (CONTINUED)

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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The significant laws and regulations we considered in this context included the UK Companies Act, the accounting framework, and relevant tax legislation.
- enquiring of management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to the application of appropriate accounting policies and inappropriate use of estimate in calculating revenue. We have also considered the risk of fraud through management override of controls by:
 - Sample testing the appropriateness of journal entries and other adjustments; and
 - Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

SAS SOFTWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAS SOFTWARE LIMITED (CONTINUED)

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk for fraud in revenue recognition, testing the appropriateness of the revenue recognition policies and the application of these policies, testing the existence of revenue and ensuring appropriate cut-off. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SAS SOFTWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAS SOFTWARE LIMITED (CONTINUED)

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.

DocuSigned by:

Ian Oliver

0532E9DF8E0543E
Ian Oliver (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Reading, UK

Date 29 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SAS SOFTWARE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Note | 2020 £ | 2019 £ |
|---|------|-------------------|-------------------|
| Turnover | | 141,505,829 | 141,261,013 |
| Cost of sales | | (60,452,654) | (53,282,216) |
| Gross profit | | 81,053,175 | 87,978,797 |
| Administrative expenses | | (76,671,291) | (84,858,827) |
| Other operating income | 4 | 621,817 | 523,827 |
| Operating profit | 5 | 5,003,701 | 3,643,797 |
| Interest receivable and similar income | 9 | 101,280 | 562,960 |
| Profit before tax | | 5,104,981 | 4,206,757 |
| Tax on profit | 10 | (1,420,186) | (923,633) |
| Profit and total comprehensive income for the year | | 3,684,795 | 3,283,124 |

All amounts relate to continuing activities.

The notes on pages 21 to 37 form part of these financial statements.

SAS SOFTWARE LIMITED
REGISTERED NUMBER: 01316437

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-------------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 25,446,971 | 24,835,844 |
| Investments | 13 | 2 | 2 |
| | | <u>25,446,973</u> | <u>24,835,846</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 14 | 50,586,820 | 60,784,443 |
| Cash at bank and in hand | | 64,300,637 | 56,944,340 |
| | | <u>114,887,457</u> | <u>117,728,783</u> |
| Creditors: amounts falling due within one year | 15 | (116,063,306) | (120,427,622) |
| Net current liabilities | | <u>(1,175,849)</u> | <u>(2,698,839)</u> |
| Total assets less current liabilities | | <u>24,271,124</u> | <u>22,137,007</u> |
| Creditors: amounts falling due after more than one year | 16 | (18,600,704) | (20,660,553) |
| Provisions for liabilities | | | |
| Deferred tax | 18 | (1,010,053) | (500,882) |
| | | <u>(1,010,053)</u> | <u>(500,882)</u> |
| Net assets | | <u><u>4,660,367</u></u> | <u><u>975,572</u></u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 1,000 | 1,000 |
| Profit and loss account | 20 | 4,659,367 | 974,572 |
| Total capital and reserves | | <u><u>4,660,367</u></u> | <u><u>975,572</u></u> |

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

Wm. David Davis

Wm. David Davis
 Director

Date: 28-Sep-2021 | 2:14 PM EDT

The notes on pages 21 to 37 form part of these financial statements.

SAS SOFTWARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Called up share capital | Profit and loss account | Total capital and reserves |
|--|----------------------------|----------------------------|----------------------------------|
| | £ | £ | £ |
| At 1 January 2020 | 1,000 | 974,572 | 975,572 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 3,684,795 | 3,684,795 |
| At 31 December 2020 | <u>1,000</u> | <u>4,659,367</u> | <u>4,660,367</u> |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Called up share capital | Profit and loss account | Total capital and reserves |
|---|----------------------------|----------------------------|----------------------------------|
| | £ | £ | £ |
| At 1 January 2019 | 1,000 | 2,091,448 | 2,092,448 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 3,283,124 | 3,283,124 |
| Contributions by and distributions to owners | | | |
| Dividends: Equity capital | - | (4,400,000) | (4,400,000) |
| At 31 December 2019 | <u>1,000</u> | <u>974,572</u> | <u>975,572</u> |

The notes on pages 21 to 37 form part of these financial statements.

SAS SOFTWARE LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | 2020 £ | 2019 £ |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 3,684,795 | 3,283,124 |
| Adjustments for: | | |
| Depreciation of tangible assets | 2,170,995 | 1,971,106 |
| Loss on disposal of tangible assets | - | 170,003 |
| Research & development credit | (280,258) | (200,930) |
| Interest receivable | (101,280) | (562,960) |
| Taxation charge | 1,420,186 | 923,633 |
| Decrease/(increase) in debtors | 10,485,377 | (3,796,030) |
| (Decrease)/increase in creditors | (6,337,542) | 16,003,260 |
| Corporation tax (paid) | (1,005,134) | (884,267) |
| Net cash generated from operating activities | <u>10,037,139</u> | <u>16,906,939</u> |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (2,782,122) | (5,154,546) |
| Sale of tangible fixed assets | - | 17,421 |
| Interest received | 101,280 | 749,196 |
| Increase in short term investments: bank deposits | - | 20,000,000 |
| Net cash (outflow)/inflow from investing activities | <u>(2,680,842)</u> | <u>15,612,071</u> |
| Cash flows from financing activities | | |
| Dividends paid | - | (4,400,000) |
| Net cash used in financing activities | <u>-</u> | <u>(4,400,000)</u> |
| Net increase in cash and cash equivalents | <u>7,356,297</u> | <u>28,119,010</u> |
| Cash and cash equivalents at beginning of year | 56,944,340 | 28,825,330 |
| Cash and cash equivalents at the end of year | <u>64,300,637</u> | <u>56,944,340</u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | <u>64,300,637</u> | <u>56,944,340</u> |

The notes on pages 21 to 37 form part of these financial statements.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Accounting policies

1.1 Basis of preparation of financial statements

The Company is a private company limited by shares incorporated and domiciled in the England and Wales. Its registered office is Wittington House, Henley Road, Medmenham, Marlow, Buckinghamshire, SL7 2EB.

The principal activity of the Company during the year was to licence software to business customers, typically on an annual basis and to provide professional services, most notably consultancy and training to support the installation, adoption and use of the software licensed.

These individual entity financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The presentation currency is GBP and monetary amounts in these financial statements are rounded to the nearest £1.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 "Statement of financial position" - Reconciliation of the opening and closing number of shares.
- Section 33 "Related Party Disclosures" - Compensation for key management personnel.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The outbreak of Covid-19 has become a worldwide crisis and at the date of this report it is difficult to assess the long-term consequences for the Company. However, the effects to date on the Company's operations have remained relatively limited, with recurring software revenues maintained along with delivery of consulting services. The impact of working from home has not created any issues and we do not foresee any problems with the ongoing operations or financial stability of the Company. In the longer term, we expect that the extensive measures taken to limit the spread of infection may affect the Company's revenues, however with 63% of revenues made up from the Financial and Public sectors combined, the commercial sector, who have been most impacted, account for only 37% of revenues and therefore the Company is hopeful that the impact will not be significant. To balance this, we are continuing to review our own costs to identify where reductions can be made. We have seen a significant reduction in travel costs with a Companywide restriction on business travel until September 2021. In addition, customer events have been cancelled or held virtually which has led to further cost savings. As noted above, the Company has significant cash resources to allow it to continue to meet its liabilities as the fall due. It is not foreseen that the consequences of the pandemic will have a material impact on the Company's going concern position going forward.

The Company operates under a limited distribution model whereby the Company is guaranteed a fixed margin by its ultimate parent company, SAS Institute Inc.. The Director has therefore considered this alongside the going concern of the ultimate parent company in assessing the going concern of the Company.

After making enquiries, the Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the report and financial statements.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)

1.1 Basis of preparation of financial statements (continued)

The principal accounting policies applied are described below:

1.2 Revenue

Revenue is recognised over the life of each software licence. Invoices raised during the year are included in turnover only to the extent that the related software licence period and maintenance period has been used at the financial year-end, unused periods beyond this date are shown within the financial statements as deferred income.

Fixed price consulting is recognised on percentage completion derived from the costs incurred to date or milestone events and time and material contracts are recognised as work is completed. Training revenue is recognised on course completion. Hosting revenue is recognised over the life of the contract.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

1.3 Other operating income

Other operating income is recognised in the Statement of comprehensive income and represents staff costs recharged to other group companies on a cost plus mark-up basis.

Miscellaneous non-operating income represents tax credits receivable as the result of carrying out qualifying research and development activity.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)**1.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using both the straight-line and reducing balance method.

Depreciation is provided on the following bases:

| | |
|---------------------------|-----------------------------|
| Assets under construction | - Not depreciated |
| Freehold property | - 10-40 years straight line |
| Plant and machinery | - 25% reducing balance |
| Motor vehicles | - 25% straight line |
| Fixtures and fittings | - 10% straight line |
| Equipment and furniture | - 10% straight line |
| Technical equipment | - 33% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of comprehensive income.

1.5 Operating leases: lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

The buildings leases entail rent free incentives and the lease expense has been reduced on a straight-line basis over the entire term of the lease.

1.6 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is an indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)

1.7 Valuation of investments

Investments in unlisted company shares are measured at cost less accumulated impairment.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

1.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the Director has made the following judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 12)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Trade debtors (see note 14)

Trade debtors are reviewed for impairment loss on an annual basis and provision made for any balances where there is uncertainty against the recoverability of the balance. This methodology is applied on a customer by customer basis.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Analysis of turnover

Turnover is stated net of Value Added Tax, and represents revenues that can be recognised. These include software licence fees for elapsed terms, consulting and training revenues for the value of services provided.

The Company's turnover was derived from its principal continuing activities.

Analysis of turnover by country of destination:

| | 2020 £ | 2019 £ |
|--------------------------|--------------------|--------------------|
| United Kingdom | 136,615,104 | 135,492,996 |
| Rest of Europe | 2,114,170 | 2,945,186 |
| United States of America | 721,023 | 1,346,155 |
| Rest of World | 2,055,532 | 1,476,676 |
| | <u>141,505,829</u> | <u>141,261,013</u> |

4. Other operating income

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Amounts recharged to other Group companies | 7,190,799 | 6,780,839 |
| Miscellaneous non-operating income | 280,258 | 200,930 |
| Less staff costs (note 7) | (6,849,240) | (6,457,942) |
| | <u>621,817</u> | <u>523,827</u> |

5. Operating profit

The operating profit is stated after charging:

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Research and development expense | 6,849,240 | 6,457,942 |
| Depreciation of tangible assets owned by company | 2,170,995 | 1,971,106 |
| Other operating lease rentals | 1,356,278 | 1,378,059 |
| Loss on sale of fixed assets | - | 170,003 |
| Exchange differences | 497,114 | 620,526 |
| | <u>497,114</u> | <u>620,526</u> |

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Auditor's remuneration

| | 2020 | 2019 |
|--|---------------|---------------|
| | £ | £ |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| Audit of the Company's annual accounts | <u>45,970</u> | <u>44,200</u> |

7. Employees

Staff costs were as follows:

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £ | £ |
| Wages and salaries | 60,856,383 | 60,757,215 |
| Social security costs | 7,619,778 | 7,672,062 |
| Cost of defined contribution pension scheme | 4,030,347 | 3,844,176 |
| | <u>72,506,508</u> | <u>72,273,453</u> |

The average monthly number of employees, including the Director, during the year was as follows:

| | 2020 | 2019 |
|------------------------------|------------|------------|
| | No. | No. |
| Management | 47 | 43 |
| Administration | 115 | 106 |
| Sales, education and support | 499 | 484 |
| | <u>661</u> | <u>633</u> |

During 2020, £6,849,240 (2019: £6,457,942) of research and development staff costs (included above), were recharged on a cost plus basis to the ultimate parent company SAS Institute Inc. (note 4).

8. Director's remuneration

The Director of the Company is also a Director or officer of other subsidiaries within the SAS Institute Inc. Group. The Director's service to the Company did not occupy a significant amount of his time. As such the Director did not receive any remuneration for his incidental services to the Company during the current or preceding year.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Interest receivable and similar income

| | 2020 £ | 2019 £ |
|--------------------------|----------------|----------------|
| Bank interest receivable | <u>101,280</u> | <u>562,960</u> |

10. Taxation

| | 2020 £ | 2019 £ |
|--|-------------------------|-----------------------|
| Corporation tax | | |
| Current tax on profits for the year | 934,398 | 802,049 |
| Adjustments in respect of previous periods | (23,383) | (18,409) |
| Total current tax | <u>911,015</u> | <u>783,640</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 509,171 | 139,993 |
| Total deferred tax | <u>509,171</u> | <u>139,993</u> |
| Taxation on profit on ordinary activities | <u><u>1,420,186</u></u> | <u><u>923,633</u></u> |

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Taxation (continued)**Factors affecting tax charge for the year**

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

| | 2020 £ | 2019 £ |
|---|-------------------------|-----------------------|
| Profit on ordinary activities before tax | <u>5,104,981</u> | <u>4,206,757</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%) | 969,946 | 799,284 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 4,815 | 22,762 |
| Fixed asset timing differences | 223,310 | 137,758 |
| Adjustments to tax charge in respect of prior periods | (23,383) | (18,409) |
| Other short term timing differences | 245,498 | (17,762) |
| Total tax charge for the year | <u><u>1,420,186</u></u> | <u><u>923,633</u></u> |

Factors that may affect future tax charges

There were no other factors that may affect future tax charges.

11. Dividends

| | 2020 £ | 2019 £ |
|--|-----------------|-------------------------|
| Dividends paid: £Nil (2019: £4,400) per ordinary share | <u><u>-</u></u> | <u><u>4,400,000</u></u> |

SAS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Tangible fixed assets

| | Asset under construction £ | Freehold property £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Equipment and furniture £ | Technical equipment £ | Total £ |
|---------------------------|----------------------------------|---------------------------|-----------------------------|------------------------|-------------------------------|---------------------------------|-----------------------------|------------|
| Cost | | | | | | | | |
| At 1 January 2020 | 4,635,888 | 26,383,282 | 3,197,846 | 87,809 | 5,765,376 | 2,427,734 | 5,283,304 | 47,781,239 |
| Additions | - | 1,267,649 | - | - | 700,685 | 10,350 | 803,438 | 2,782,122 |
| Disposals | - | - | - | - | - | (4,055) | (628,693) | (632,748) |
| Transfers between classes | (4,635,888) | 4,635,888 | - | - | - | - | - | - |
| At 31 December 2020 | - | 32,286,819 | 3,197,846 | 87,809 | 6,466,061 | 2,434,029 | 5,458,049 | 49,930,613 |
| Depreciation | | | | | | | | |
| At 1 January 2020 | - | 9,072,899 | 2,555,696 | 50,490 | 5,296,490 | 1,516,190 | 4,453,630 | 22,945,395 |
| Charge for the year | - | 1,023,569 | 160,509 | 15,136 | 99,728 | 214,400 | 657,653 | 2,170,995 |
| Disposals | - | - | - | - | - | (4,055) | (628,693) | (632,748) |
| At 31 December 2020 | - | 10,096,468 | 2,716,205 | 65,626 | 5,396,218 | 1,726,535 | 4,482,590 | 24,483,642 |
| Net book value | | | | | | | | |
| At 31 December 2020 | - | 22,190,351 | 481,641 | 22,183 | 1,069,843 | 707,494 | 975,459 | 25,446,971 |
| At 31 December 2019 | 4,635,888 | 17,310,383 | 642,150 | 37,319 | 468,886 | 911,544 | 829,674 | 24,835,844 |

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Investments

| | Unlisted investments £ |
|-----------------------|---------------------------------------|
| Cost | |
| At 1 January 2020 | 2 |
| At 31 December 2020 | <u>2</u> |
| Net book value | |
| At 31 December 2020 | <u>2</u> |
| At 31 December 2019 | <u>2</u> |

14. Debtors

| | 2020 £ | 2019 £ |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 43,485,404 | 54,684,980 |
| Amounts owed by Group undertakings | 1,485,559 | 1,379,809 |
| Corporation tax | 287,749 | - |
| Prepayments and accrued income | 5,328,108 | 4,719,654 |
| | <u>50,586,820</u> | <u>60,784,443</u> |

15. Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|--------------------|--------------------|
| Trade creditors | 1,077,728 | 2,931,531 |
| Amounts owed to Group undertakings | 2,387,747 | 6,525,890 |
| Corporation tax | - | 86,626 |
| Other taxation and social security | 14,491,457 | 13,623,072 |
| Accruals and deferred income | 98,106,374 | 97,260,503 |
| | <u>116,063,306</u> | <u>120,427,622</u> |

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Creditors: amounts falling due after more than one year

| | 2020 | 2019 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Accruals and deferred income | 18,600,704 | 20,660,553 |

17. Financial instruments

| | 2020 | 2019 |
|---|---------------------|---------------------|
| | £ | £ |
| Financial assets | | |
| Financial assets that are cash and cash equivalents | 64,300,637 | 56,944,340 |
| Financial assets that are debt instruments measured at amortised cost | 45,258,712 | 56,064,789 |
| | 109,559,349 | 113,009,129 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (17,984,262) | (24,201,576) |

Financial assets measured at amortised cost comprise trade debtors and amounts owed by Group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to Group undertakings and accruals.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Deferred taxation

| | 2020 £ | 2019 £ |
|--|--------------------|------------------|
| At 1 January | (500,882) | (360,889) |
| Charged to the Statement of comprehensive income | (509,171) | (139,993) |
| At 31 December | (1,010,053) | (500,882) |

The provision for deferred taxation is made up as follows:

| | 2020 £ | 2019 £ |
|--------------------------------|-------------|-----------|
| Accelerated capital allowances | (1,010,053) | (500,882) |

19. Called up share capital

| | 2020 £ | 2019 £ |
|---|--------------|--------------|
| Allotted, called up and fully paid 1,000 (2019: 1,000) Ordinary shares of £1 each | 1,000 | 1,000 |

20. Capital and reserves**Share capital**

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

21. Capital commitments

At 31 December the Company had capital commitments as follows:

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Contracted for but not provided in these financial statements | - | 1,671,542 |

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension costs charged to the Statement of comprehensive income of £4,030,347 (2019: £3,844,176) represent contributions payable by the Company to the fund during the year. There were outstanding contributions payable to the scheme of £Nil at the reporting date (2019: £2,097).

23. Commitments under operating leases

At 31 December the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Not later than 1 year | 1,265,294 | 1,301,314 |
| Later than 1 year and not later than 5 years | 2,045,387 | 3,309,913 |
| | <u>3,310,681</u> | <u>4,611,227</u> |

24. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 Section 33 "Related Party Disclosures" not to disclose transactions with members of the SAS Institute Inc. Group on the grounds that 100% of the voting rights in the Company are controlled within that Group and the Company is included in the consolidated financial statements.

25. Ultimate parent undertaking and controlling party

The Director regards SAS Institute A/S, incorporated in Denmark, as the immediate parent undertaking and the smallest Group which prepares consolidated financial statements that include the Company. The registered office address of SAS Institute A/S is Købmagergade 7-9, DK-1150 København, Denmark.

The Director regards SAS Institute Inc., incorporated in North Carolina, United States of America, as the ultimate parent undertaking and the largest Group which prepares consolidated financial statements that include the Company. Copies of consolidated financial statements of SAS Institute Inc. are kept at: SAS Institute Inc., 100 SAS Campus Drive, Cary, NC 27513-2414, United States of America.

In the Director's opinion, the Company's controlling party is J H Goodnight, who owns or controls, directly or indirectly, 61.5% of shares in SAS Institute Inc.

SAS SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

26. Analysis of net debt

| | At 1 January 2020 £ | Cash flows £ | At 31 December 2020 £ |
|--------------------------|--|-------------------------|--|
| Cash at bank and in hand | <u>56,944,340</u> | <u>7,356,297</u> | <u>64,300,637</u> |