

Company Registration No. 2174990 (England and Wales)

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005



Faulkner House
Victoria Street
St Albans
AL1 3SE

Rayner Essex
Chartered Accountants

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
COMPANY INFORMATION

Directors

P D J Kelly
W J Kenny
D Fawell
D E Simpson
J A S Nash
J J Paish

Secretary

W J Kenny

Company number

2174990

Registered office

Morton House
Thames Valley Industrial Park
Marlow
Bucks
SL7 1TB

Auditors

Rayner Essex
Faulkner House
Victoria Street
St Albans
AL1 3SE

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 20

**SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2005**

The directors present their report and financial statements for the year ended 31 July 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of value added IT reseller to the corporate market.

During the year the company re-registered from Softcat Plc to Softcat Ltd.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 August 2004:

P D J Kelly
W J Kenny
D Fawell
D E Simpson
J A S Nash
J J Paish

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 1p each	
	31 July 2005	1 August 2004
P D J Kelly	4,356,955	4,811,400
W J Kenny	312,691	403,600
D Fawell	312,691	403,600
D E Simpson	312,691	403,600
J A S Nash	1,170,191	1,261,100
J J Paish	-	-

	'MR' shares of 1p each	
	31 July 2005	1 August 2004
P D J Kelly	188,500	188,500
W J Kenny	-	-
D Fawell	-	-
D E Simpson	-	-
J A S Nash	-	-
J J Paish	-	-

**SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005**

The company operates a tax authority-approved Enterprise Management Incentive Share Option Scheme so as to encourage share ownership by all eligible employees, including directors.

During the year, the following options were exercised by directors of the company at a price of £0.32 per share:-
W J Kenny - 9,941 £0.01 ordinary shares
D E Simpson - 10,963 £0.01 ordinary shares,
D Fawell - 10,898 £0.01 ordinary shares, and
J J Paish - 18,466 £0.01 ordinary shares.

At the balance sheet date the directors had interests in the following share options:-
W J Kenny - 5,452 £0.01 ordinary shares, exercisable from May 2005 at £0.47 per share, expiring April 2013
- 5,594 £0.01 ordinary shares, exercisable from July 2007 at £2.20 per share, expiring August 2014
D E Simpson - 5,284 £0.01 ordinary shares, exercisable from May 2005 at £0.47 per share, expiring April 2012
- 5,426 £0.01 ordinary shares, exercisable from July 2007 at £2.20 per share, expiring August 2014
D Fawell - 5,291 £0.01 ordinary shares, exercisable from May 2005 at £0.47 per share, expiring April 2012
- 5,433 £0.01 ordinary shares, exercisable from July 2007 at £2.20 per share, expiring August 2014.
J J Paish - 18,487 £0.01 ordinary shares, exercisable from May 2005 at £0.47 per share, expiring April 2013
- 38,800 £0.01 ordinary shares, exercisable from July 2007 at £2.20 per share, expiring August 2014.

Charitable donations	2005	2004
	£	£

During the year the company made the following payments:

Charitable donations	485	3,000
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Creditor payment policy

The company's current policy concerning the payment of trade creditors is that approved invoices are settled within the suppliers' terms. The average settlement period for suppliers' invoices during the year under review was 42 days.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Rayner Essex be reappointed as auditors of the company will be put to the Annual General Meeting.

**SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005**

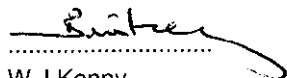
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



W J Kenny

Director

25.05.06.

**SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SOFTCAT LTD**

We have audited the financial statements of Softcat Ltd on pages 5 to 20 for the year ended 31 July 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

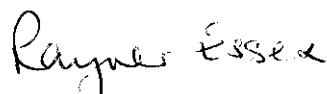
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rayner Essex
Chartered Accountants
Registered Auditor

31.05.2006

Faulkner House
Victoria Street
St Albans
AL1 3SE

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2005

	Notes	2005 £	2004 £
Turnover	2	57,104,958	51,132,738
Cost of sales		(48,542,505)	(42,426,369)
Gross profit		8,562,453	8,706,369
Administrative expenses		(7,415,324)	(6,712,752)
Operating profit	3	1,147,129	1,993,617
Investment income	4	-	1,539,659
Other interest receivable and similar income	4	82,200	49,832
Amounts written off investments	5	-	(1,256,310)
Interest payable and similar charges	6	(15,901)	(3,094)
Profit on ordinary activities before taxation		1,213,428	2,323,704
Tax on profit on ordinary activities	7	(394,277)	(644,506)
Profit on ordinary activities after taxation	16	819,151	1,679,198

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
BALANCE SHEET
AS AT 31 JULY 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	8	612,972		687,328	
Investments	9	67,757		67,757	
		<u>680,729</u>		<u>755,085</u>	
Current assets					
Stocks	10	250,696		245,164	
Debtors	11	13,646,055		13,687,734	
Cash at bank and in hand		2,052,517		1,791,488	
		<u>15,949,268</u>		<u>15,724,386</u>	
Creditors: amounts falling due within one year	12	(13,451,715)		(11,781,143)	
Net current assets		<u>2,497,553</u>		<u>3,943,243</u>	
Total assets less current liabilities		<u>3,178,282</u>		<u>4,698,328</u>	
Provisions for liabilities and charges	13	(29,442)		(15,165)	
		<u>3,148,840</u>		<u>4,683,163</u>	
Capital and reserves					
Called up share capital	15	61,037		59,205	
Share premium account	16	56,799		-	
Other reserves	16	(2,412,106)		-	
Profit and loss account	16	5,443,110		4,623,958	
Shareholders' funds - equity interests	17	<u>3,148,840</u>		<u>4,683,163</u>	

The financial statements were approved by the Board on 25 May 2006


W J Kenny
Director


D E Simpson
Director

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2005

	£	2005 £	£	2004 £
Net cash outflow from operating activities		(2,864,891)		(110,233)
Returns on investments and servicing of finance				
Interest received	82,200		49,832	
Interest paid	(15,901)		(3,094)	
Dividends received	-		1,539,659	
Net cash inflow for returns on investments and servicing of finance		66,299		1,586,397
Taxation		(642,384)		(554,422)
Capital expenditure				
Payments to acquire tangible assets	(259,970)		(506,126)	
Receipts from sales of tangible assets	129,800		-	
Net cash outflow for capital expenditure		(130,170)		(506,126)
Net cash (outflow)/inflow before management of liquid resources and financing		(3,571,146)		415,616
Financing				
Issue of ordinary share capital	58,631		-	
Capital element of hire purchase contracts	-		(3,142)	
Decrease in debt			(3,142)	
Net cash inflow/(outflow) from financing		58,631		(3,142)
(Decrease)/increase in cash in the year		(3,512,515)		412,474

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2005

1	Reconciliation of operating profit to net cash outflow from operating activities	2005	2004
		£	£
	Operating profit	1,147,129	1,993,617
	Depreciation of tangible assets	215,922	186,345
	(Profit)/loss on disposal of tangible assets	(11,395)	3,768
	(Increase)/decrease in stocks	(5,532)	43,552
	Decrease/(increase) in debtors	(2,321,718)	(3,526,475)
	(Decrease)/Increase in creditors within one year	(1,889,297)	1,188,960
	Net cash outflow from operating activities	(2,864,891)	(110,233)

2	Analysis of net (debt)/funds	1 August 2004	Cash flow	Other non-cash changes	31 July 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,791,488	261,029	-	2,052,517
	Bank overdrafts	-	(3,773,544)	-	(3,773,544)
		<u>1,791,488</u>	<u>(3,512,515)</u>	<u>-</u>	<u>(1,721,027)</u>
	Bank deposits	-	-	-	-
	Net funds/(debt)	<u>1,791,488</u>	<u>(3,512,515)</u>	<u>-</u>	<u>(1,721,027)</u>

3	Reconciliation of net cash flow to movement in net (debt)/funds	2005	2004
		£	£
	(Decrease)/increase in cash in the year	(3,512,515)	412,474
	Cash (inflow)/outflow from (increase)/decrease in debt	-	3,142
	Movement in net (debt)/funds in the year	(3,512,515)	415,616
	Opening net funds	1,791,488	1,375,872
	Closing net (debt)/funds	(1,721,027)	1,791,488

**SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005**

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	3 years straight line
Fixtures, fittings & equipment	6 years straight line
Motor vehicles	33% reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.9 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

1 Accounting policies

(continued)

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company's subsidiary undertakings have remained dormant throughout the year. Their aggregate capital and reserves are negligible. The company has therefore taken advantage of the exemptions provided by section 229 of the Companies Act 1985 not to prepare group accounts, on the grounds of immateriality.

1.12 Employee share schemes

The company operates a tax authority-approved Enterprise Management Incentive Share Option Scheme so as to encourage share ownership by all eligible employees, including directors. Share options are valued at their fair value on the date of grant. Any difference between this and the consideration paid by the participants are recognised as a charge in the profit and loss on a straight line basis from the date of the grant to the date the participant is entitled to exercise the option.

The company also operates an employee benefit trust for the benefit of eligible employees. In accordance with UITF 32, the company recognises the assets and liabilities for the trust as its own until such assets held vest unconditionally in identified beneficiaries. The company meets all costs incurred by the trust.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	215,922	186,345
Loss on disposal of tangible assets	-	3,768
Loss on foreign exchange transactions	3,678	6,218
Operating lease rentals	276,808	157,804
Auditors' remuneration	12,000	12,000
Remuneration of auditors for non-audit work	9,324	5,000
and after crediting:		
Profit on disposal of tangible assets	(11,395)	-

4 Investment income

	2005	2004
	£	£
Income from fixed asset investments	-	1,539,659
Bank interest	82,200	49,832
	<u>82,200</u>	<u>1,589,491</u>

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

5	Amounts written off investments	2005	2004
		£	£
	Amounts written off fixed asset investments:		
	- permanent diminution in value	-	1,256,310
6	Interest payable	2005	2004
		£	£
	On bank loans and overdrafts	2,159	2,520
	Hire purchase interest	-	574
	On overdue tax	13,742	-
		15,901	3,094

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

7 Taxation	2005	2004
	£	£
Domestic current year tax		
U.K. corporation tax	380,000	642,708
Adjustment for prior years	-	2,545
	<u>380,000</u>	<u>645,253</u>
Current tax charge		
Deferred tax		
Deferred tax charge/credit current year	14,277	(747)
	<u>394,277</u>	<u>644,506</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>1,213,428</u>	<u>2,323,704</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>364,028</u>	<u>697,111</u>
Effects of:		
Non deductible expenses	27,700	29,669
Depreciation add back	61,358	57,034
Capital allowances	(75,820)	(56,102)
Adjustments to previous periods	-	2,545
Dividends and distributions received	-	(461,898)
Other tax adjustments	2,734	376,894
	<u>15,972</u>	<u>(51,858)</u>
Current tax charge	<u>380,000</u>	<u>645,253</u>

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

8 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2004	742,744	464,117	145,492	1,352,353
Additions	77,794	65,537	116,640	259,971
Disposals	-	-	(217,577)	(217,577)
At 31 July 2005	820,538	529,654	44,555	1,394,747
Depreciation				
At 1 August 2004	406,640	176,933	81,452	665,025
On disposals	-	-	(99,172)	(99,172)
Charge for the year	111,914	53,866	50,142	215,922
At 31 July 2005	518,554	230,799	32,422	781,775
Net book value				
At 31 July 2005	301,984	298,855	12,133	612,972
At 31 July 2004	336,104	287,184	64,040	687,328

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 August 2004 & at 31 July 2005	1,324,067
Provisions for diminution in value	
At 1 August 2004 & at 31 July 2005	1,256,310
Net book value	
At 31 July 2005	67,757
At 31 July 2004	67,757

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Software Catalogue Plc	England	Ordinary	100
Software Licensing Ltd	England	Ordinary	100
Softcat Services Ltd	England	Ordinary	100
Skills-Online Ltd	England	Ordinary	100
Sequireit Ltd	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2005 £	Profit for the year 2005 £
Software Catalogue Plc	67,752	-
Software Licensing Ltd	2	-
Softcat Services Ltd	1	-
Skills-Online Ltd	1	-
Sequireit Ltd	1	-

All companies remained dormant throughout the year.

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

10 Stocks	2005	2004
	£	£
Finished goods and goods for resale	250,696	245,164

11 Debtors	2005	2004
	£	£
Trade debtors	12,644,933	12,926,830
Corporation tax	48,709	-
Called up share capital not paid	9,600	9,600
Other debtors	523,618	318,720
Prepayments and accrued income	419,195	432,584
	<u>13,646,055</u>	<u>13,687,734</u>

12 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loans and overdrafts	3,773,544	-
Trade creditors	6,264,745	8,637,835
Amounts owed to subsidiary undertakings	67,752	67,752
Corporation tax	403,629	617,304
Other taxes and social security costs	886,270	690,987
Accruals and deferred income	2,055,775	1,767,265
	<u>13,451,715</u>	<u>11,781,143</u>

There is a fixed and floating charge over all assets of the company dated 20 January 2002 in favour of the company's bankers.

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

13 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 August 2004	15,165
Profit and loss account	14,277
	<hr/>
Balance at 31 July 2005	29,442
	<hr/>

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	29,442	15,165
	<hr/>	<hr/>

14 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2005 £	2004 £
Contributions payable by the company for the year	67,144	68,154
	<hr/>	<hr/>

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

15 Share capital	2005	2004
	£	£
Authorised		
11,811,500 Ordinary shares of 1p each	118,115	118,115
188,500 'MR' shares of 1p each	1,885	1,885
	<u>120,000</u>	<u>120,000</u>
Allotted, called up and fully paid		
5,915,200 Ordinary shares of 1p each	59,152	57,320
188,500 'MR' shares of 1p each	1,885	1,885
	<u>61,037</u>	<u>59,205</u>

During the year, 183,224 £0.01 ordinary shares were issued under the Enterprise Management Incentive scheme at a price of £0.32 each.

Shares rank pari passu in all respect save that in respect of dividends.

The share capital consists of 5,000,000 authorised ordinary shares of £0.01 each, of which 1,250,000 are allotted, called up and fully paid and 3,750,000 are allotted, called up and quarter paid.

The company operates a tax authority-approved Enterprise Management Incentive Share Option Scheme so as to encourage share ownership by all eligible employees, including directors.

Options outstanding at the year end are as follows:-

170,581 £0.01 ordinary shares, exercisable from May 2005 at a price of £0.47 per share, expiring April 2013

255,556 £0.01 ordinary shares, exercisable from July 2007 at a price of £2.20, expiring August 2014.

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

16 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 August 2004	-	-	4,623,959
Retained profit for the year	-	-	819,151
Premium on shares issued during the year	56,799	-	-
Movement during the year	-	(2,412,106)	-
Balance at 31 July 2005	<u>56,799</u>	<u>(2,412,106)</u>	<u>5,443,110</u>

Other reserves

Reserves for own shares

Reserve for own shares movement (2,412,106)

Balance at 31 July 2005 (2,412,106)

During the year, the company established an Employee Benefit Trust and provided assistance to the Trust in the form of an interest free loan to enable it to purchase 1,092,314 £0.01 ordinary shares at a price of £2.20 per share.

17 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	819,151	1,679,198
Proceeds from issue of shares	58,631	-
Movements on other reserves	(2,412,106)	-
Net (depletion in)/addition to shareholders' funds	(1,534,324)	1,679,198
Opening shareholders' funds	<u>4,683,163</u>	<u>3,003,965</u>
Closing shareholders' funds	<u>3,148,840</u>	<u>4,683,163</u>

18 Financial commitments

At 31 July 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 July 2006:

	Land and buildings	
	2005 £	2004 £
Operating leases which expire:		
Between two and five years	<u>315,229</u>	<u>298,638</u>

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

19 Directors' emoluments	2005	2004
	£	£
Emoluments for qualifying services	641,660	703,375
Company pension contributions to money purchase schemes	11,700	11,700
	<u>653,360</u>	<u>715,075</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2004 - 5).

The number of directors who exercised share options during the year was 4 (2004 - 0).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 4 (2004 - 4).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	179,169	164,979
Company pension contributions to money purchase schemes	1,500	3,000
	<u>180,669</u>	<u>167,979</u>

20 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding	Maximum
	2005	2004
	£	£
P D J Kelly	<u>194,836</u>	<u>-</u>
		<u>194,836</u>

P D J Kelly purchased three vehicles from the company, for the total sum of £115,000. All transactions were at arms length.

SOFTCAT LTD
(FORMERLY SOFTCAT PLC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005	2004
	Number	Number
Management	8	8
Administration	24	24
Sales	95	78
	<u>127</u>	<u>110</u>

Employment costs

	2005	2004
	£	£
Wages and salaries	2,987,647	2,708,242
Social security costs	536,831	515,465
Other pension costs	67,144	68,154
	<u>3,591,622</u>	<u>3,291,861</u>

22 Control

The ultimate controlling party is Mr P D J Kelly, a director, by virtue of his shareholding.

23 Related party transactions

During the year, Softcat Ltd provided administrative services of £60,996 (2004: £60,929), in the normal course of business, to Mac Recruitment Limited, a company controlled by Mr P D J Kelly, a common director. Softcat Limited also received recruitment services of £81,000 (2004: £73,083) from the same company.

As at 31 July 2005, Mac Recruitment Limited owed Softcat Ltd £295,613 (2004: £258,080).

As at 31 July 2005, Softcat Limited owed Software Catalogue Plc £67,752 (2004: £67,752).