

Company Registration No. 2174990 (England and Wales)

SOFTCAT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009

Tavistock House South
Tavistock Square
London
WC1H 9LG

Rayner Essex LLP
Chartered Accountants

WEDNESDAY



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COMPANIES HOUSE

SOFTCAT LIMITED

COMPANY INFORMATION

Directors

P D J Kelly
W J Kenny
D Fawell
D E Simpson
J A S Nash
M J Hellawell
D Ridgway

Secretary

W J Kenny

Company number

2174990

Registered office

Morton House
Thames Valley Industrial Park
Marlow
Bucks
SL7 1TB

Auditors

Rayner Essex LLP
Tavistock House South
Tavistock Square
London
WC1H 9LG

SOFTCAT LIMITED

CONTENTS

	Page
Directors' report	1 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the cash flow statement	10
Notes to the financial statements	11 - 23

SOFTCAT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2009

The directors present their report and financial statements for the year ended 31 July 2009

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

Softcat Limited provides IT procurement services to the SMB market, sales being predominately within the UK

The directors are pleased to report another very successful year for 2009

Turnover

Turnover for the year under review amounted to £113.1 million. This represents an 10% increase over the year to 31 July 2008. The growth in turnover was broadly in line with expectations. Particularly strong growth was noted in the security, IT services, storage solutions and SPLA divisions.

Operating profit

Operating profit increased by 29% from £5.74 million in 2008 to £7.40 million in 2009. This exceeded the budgeted operating profit and was achieved by the strong growth in the higher margin divisions of security and IT services while margins on the core software licensing business also increased.

Profit before tax

Profit before tax increased by 26% to £7.6 million, representing 6.7% of turnover (2008: 5.9%).

Despite the continued economic downturn the company is cautiously optimistic about the prospects for the forthcoming year. Turnover is budgeted to grow to £116.7 million and Profit before tax to grow to £8.5 million in the year to 31 July 2010.

The directors use a number of measures, both financial and non-financial by which to monitor and benchmark performance. As well as the key financial indicators mentioned above, they also regard the following as important.

Staff numbers and recruitment

Staff retention rates are monitored on a monthly basis against recruitment plans. The company continues to invest heavily in sales recruitment. During the year a new sales office was successfully opened in Manchester, contributing to an increase in overall staff numbers from 179 on 31 July 2008 to 199 on 31 July 2009.

Debtor days

Debtor days are regularly monitored. As at 31 July 2009, debtor days were 39 (2008: 48).

SOFTCAT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

Principal activities and review of the business (continued)

Customer satisfaction

The company constantly requests feedback from its customers on service levels and overall customer satisfaction. Below is a brief summary of the results of the latest survey of 709 customers

Very satisfied	494	69.7%
Satisfied	211	29.8%
Dissatisfied	4	0.5%
Very dissatisfied	0	0%
Blank	0	0%
Total	709	100.0%

Results and dividends

The results for the year are set out on page 7

The directors do not recommend payment of a final dividend

Directors

The following directors have held office since 1 August 2008

P D J Kelly
W J Kenny
D Fawell
D E Simpson
J A S Nash
M J Hellawell
D Ridgway

SOFTCAT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

Charitable donations	2009	2008
	£	£

During the year the company made the following payments

Charitable donations	11,966	15,433
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The recipients, amounts and purpose of the charitable donations were various
UK based charities

Financial risk management

The company uses financial instruments comprising bank overdrafts and cash, together with various items such as trade debtors and trade creditors that arise directly from its operations

The main risks arising from the financial instruments are credit risk, interest rate risk and liquidity risk. The company reviews and agrees policies for managing these risks as detailed below

Credit risk

The company credit checks all new accounts before shipping goods, consistently reviews all debtors to ensure they do not fall outside the agreed terms, insures all debts through a reputable credit insurer

Interest rate risk

The company accepts the risk of losing interest on deposits due to interest rate cuts

Liquidity risk

Bank balances are structured so as to enable cash to be available when required. Most are in instant access accounts. Excess facilities are also in place and readily available for future use. No transactions in derivatives are undertaken

Auditors

In accordance with the company's articles, a resolution proposing that Rayner Essex LLP be reappointed as auditors of the company will be put at a General Meeting

SOFTCAT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

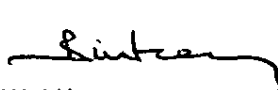
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board


W J Kenny

Director

15/4/10

SOFTCAT LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SOFTCAT LIMITED

We have audited the financial statements of Softcat Limited for the year ended 31 July 2009 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors' 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

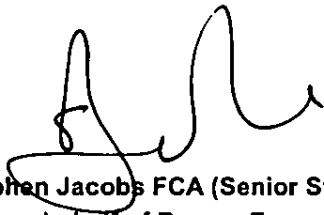
SOFTCAT LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF SOFTCAT LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Stephen Jacobs FCA (Senior Statutory Auditor)
for and on behalf of Rayner Essex LLP

Chartered Accountants
Statutory Auditor

19 April 2010

Tavistock House South
Tavistock Square
London
WC1H 9LG

SOFTCAT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2009

	Notes	2009 £	2008 £
Turnover	2	113,114,247	102,915,905
Cost of sales		(91,032,034)	(83,157,478)
Gross profit		22,082,213	19,758,427
Administrative expenses		(14,682,206)	(14,020,988)
Operating profit	3	7,400,007	5,737,439
Other interest receivable and similar income	4	214,314	300,818
Interest payable and similar charges	5	(943)	(1,254)
Profit on ordinary activities before taxation		7,613,378	6,037,003
Tax on profit on ordinary activities	6	(2,466,958)	(2,114,647)
Profit for the year	16	5,146,420	3,922,356

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 LIMITED

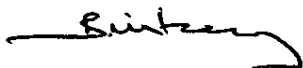
BALANCE SHEET

AS AT 31 JULY 2009

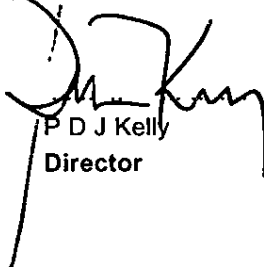
	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	8	450,850		569,774	
Investments	9	67,757		67,757	
		<u>518,607</u>		<u>637,531</u>	
Current assets					
Stocks	10	263,902		402,575	
Debtors	11	20,752,228		19,731,705	
Cash at bank and in hand		13,633,570		10,374,246	
		<u>34,649,700</u>		<u>30,508,526</u>	
Creditors: amounts falling due within one year	12	(20,212,370)		(21,218,642)	
Net current assets		<u>14,437,330</u>		<u>9,289,884</u>	
Total assets less current liabilities		<u>14,955,937</u>		<u>9,927,415</u>	
Provisions for liabilities	13	(20,806)		(19,249)	
		<u>14,935,131</u>		<u>9,908,166</u>	
Capital and reserves					
Called up share capital	15	61,244		61,186	
Share premium account	16	57,393		57,393	
Other reserves	16	(3,186,788)		(3,187,275)	
Profit and loss account	16	18,003,282		12,976,862	
Shareholders' funds	17	<u>14,935,131</u>		<u>9,908,166</u>	

Approved by the Board and authorised for issue on

15/4/10



W J Kenny
Director



P D J Kelly
Director

Company Registration No 2174990

SOFTCAT LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2009

	2009	2008
	£	£
Net cash inflow from operating activities	7,572,947	6,525,167
Returns on investments and servicing of finance		
Interest received	214,314	300,818
Interest paid	(943)	(1,254)
Sundry	(1,513)	-
Non equity dividends paid	-	-
Net cash (outflow)/inflow for returns on investments and servicing of finance	211,858	299,564
Taxation	(2,475,576)	(1,960,762)
Capital expenditure		
Payments to acquire tangible assets	(162,537)	(229,742)
Receipts from sales of tangible assets	13,800	-
Net cash outflow for capital expenditure	(148,737)	(229,742)
Equity dividends paid	(120,000)	-
Net cash inflow before management of liquid resources and financing	5,040,492	4,634,227
Financing		
Issue of ordinary share capital	-	136
Issue and purchase of shares	-	136
Decrease in debt	-	-
Net cash inflow from financing	-	136
Increase in cash in the year	5,040,492	4,634,363

SOFTCAT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2009

1	Reconciliation of operating profit to net cash inflow from operating activities	2009		2008	
		£		£	
	Operating profit	7,400,007		5,737,439	
	Depreciation of tangible assets	273,796		100,139	
	(Profit)/loss on disposal of tangible assets	(4,135)		9,079	
	Decrease in stocks	138,673		816	
	Increase in debtors	(1,044,544)		(1,134,832)	
	Increase in creditors within one year	809,150		1,744,768	
	FRS 20 share based payment	-		67,758	
	Net cash inflow from operating activities	7,572,947		6,525,167	
2	Analysis of net funds	1 August 2008	Cash flow	Other non-cash changes	31 July 2009
		£	£	£	£
	Net cash				
	Cash at bank and in hand	10,374,246	3,259,324	-	13,633,570
	Bank overdrafts	(4,816,911)	1,781,168	-	(3,035,743)
		<u>5,557,335</u>	<u>5,040,492</u>	<u>-</u>	<u>10,597,827</u>
	Bank deposits	-	-	-	-
	Net funds	<u>5,557,335</u>	<u>5,040,492</u>	<u>-</u>	<u>10,597,827</u>
3	Reconciliation of net cash flow to movement in net funds	2009		2008	
		£		£	
	Increase in cash in the year	5,040,492		4,634,363	
	Movement in net funds in the year	5,040,492		4,634,363	
	Opening net funds	5,557,335		922,972	
	Closing net funds	<u>10,597,827</u>		<u>5,557,335</u>	

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 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	3 years straight line

1.5 Leasing

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

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

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

1 Accounting policies

(continued)

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

	2009 £	2008 £
Operating profit is stated after charging		
Depreciation of tangible assets	273,796	100,139
Loss on disposal of tangible assets	-	9,079
Loss on foreign exchange transactions	-	59
Operating lease rentals	355,016	240,000
Fees payable to the company's auditor for the audit of the company's annual accounts	20,395	15,200
Remuneration of auditors for non-audit work	9,195	12,575
and after crediting		
Profit on disposal of tangible assets	(4,135)	-
Profit on foreign exchange transactions	(22,444)	-

4 Investment income

	2009 £	2008 £
Bank interest	214,314	300,818
	<u>214,314</u>	<u>300,818</u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

5	Interest payable	2009	2008
		£	£
	On bank loans and overdrafts	943	1,254
		<u> </u>	<u> </u>
6	Taxation	2009	2008
		£	£
	Domestic current year tax		
	U K corporation tax	2,465,401	2,095,398
		<u> </u>	<u> </u>
	Current tax charge	2,465,401	2,095,398
	Deferred tax		
	Deferred tax charge/credit current year	1,557	19,249
		<u> </u>	<u> </u>
		2,466,958	2,114,647
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	7,613,378	6,037,003
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 30.00%)	2,131,746	1,811,101
		<u> </u>	<u> </u>
	Effects of		
	Non deductible expenses	298,478	304,059
	Depreciation add back	76,663	30,042
	Capital allowances	(41,486)	(49,804)
		<u> </u>	<u> </u>
		333,655	284,297
		<u> </u>	<u> </u>
	Current tax charge	2,465,401	2,095,398
		<u> </u>	<u> </u>
7	Dividends	2009	2008
		£	£
	Ordinary interim paid	120,000	-
		<u> </u>	<u> </u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

8 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2008	591,655	434,175	129,258	1,155,088
Additions	103,758	25,979	34,800	164,537
Disposals	-	(8,800)	(13,131)	(21,931)
At 31 July 2009	695,413	451,354	150,927	1,297,694
Depreciation				
At 1 August 2008	360,707	170,454	54,153	585,314
On disposals	-	(2,053)	(10,213)	(12,266)
Charge for the year	163,998	70,123	39,675	273,796
At 31 July 2009	524,705	238,524	83,615	846,844
Net book value				
At 31 July 2009	170,708	212,830	67,312	450,850
At 31 July 2008	230,948	263,721	75,105	569,774

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 August 2008 & at 31 July 2009	1,324,067
Provisions for diminution in value	
At 1 August 2008 & at 31 July 2009	1,256,310
Net book value	
At 31 July 2009	67,757
At 31 July 2008	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 2009 £	Profit for the year 2009 £
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 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

10 Stocks	2009 £	2008 £
Finished goods and goods for resale	263,902	402,575

11 Debtors	2009 £	2008 £
Trade debtors	19,898,345	19,040,704
Corporation tax	-	24,079
Called up share capital not paid	9,600	9,600
Other debtors	38,900	30,500
Prepayments and accrued income	805,383	626,822
	20,752,228	19,731,705

12 Creditors amounts falling due within one year	2009 £	2008 £
Bank loans and overdrafts	3,035,743	4,816,911
Trade creditors	9,055,124	9,009,622
Amounts owed to subsidiary undertakings	67,752	67,752
Corporation tax	804,234	838,488
Other taxes and social security costs	1,788,399	1,427,408
Directors' current accounts	-	13,649
Accruals and deferred income	5,461,118	5,044,812
	20,212,370	21,218,642

Bank loans and overdrafts are secured by way of a fixed and floating charge over all assets of the company dated 20 January 2002 in favour of the company's bankers

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

13 Provisions for liabilities

	Deferred tax liability £
Balance at 1 August 2008	19,249
Profit and loss account	1,557
	<hr/>
Balance at 31 July 2009	20,806
	<hr/>

The deferred tax liability is made up as follows:

	2009 £	2008 £
Accelerated capital allowances	20,806	19,249
	<hr/>	<hr/>

14 Pension and other post-retirement benefit commitments

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. At the year end pension contributions of £261,748 (2008 £256,893) were outstanding.

	2009 £	2008 £
Contributions payable by the company for the year	63,365	386,468
	<hr/>	<hr/>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

15	Share capital	2009 £	2008 £
	Authorised		
	11,204,245 Ordinary shares of 1p each	112,042	118,115
	188,500 'MR' shares of 1p each	1,885	1,885
	607,255 'A' Ordinary Shares of 1p each	6,073	-
		<u>120,000</u>	<u>120,000</u>
	Allotted, called up and fully paid		
	5,328,651 Ordinary shares of 1p each	53,286	59,301
	188,500 'MR' shares of 1p each	1,885	1,885
	607,255 'A' Ordinary shares of 1p each	6,073	-
		<u>61,244</u>	<u>61,186</u>

During the year, 5775 Ordinary shares of £0 01 were issued at par and 607,255 of the same class were converted into 'A' Shares at the same value

The remaining 5,328,651 issued Ordinary shares of £0 01 each above consist of 4,391,151 fully paid up shares and 3,750,000 which are allotted, called up and quarter paid

The 188,500 Ordinary 'MR' shares of £0 01 each are allotted, called up and fully paid

All shares rank pari passu in all respect save that in respect of dividends

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

16 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 August 2008	57,393	(3,187,275)	12,976,862
Profit for the year	-	-	5,146,420
Dividends paid	-	-	(120,000)
Movement during the year	-	487	-
Balance at 31 July 2009	<u>57,393</u>	<u>(3,186,788)</u>	<u>18,003,282</u>

Other reserves

Reserves for own shares

Balance at 1 August 2008	(3,187,275)
Reserve for own shares movement	<u>487</u>
Balance at 31 July 2009	<u>(3,186,788)</u>

17 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	5,146,420	3,922,356
Dividends	<u>(120,000)</u>	<u>-</u>
	5,026,420	3,922,356
FRS 20 Share based payment expense recognised	-	67,758
Proceeds from issue of shares	6,131	136
Purchase of own shares	<u>(5,586)</u>	<u>(775,169)</u>
Net addition to shareholders' funds	5,026,965	3,292,631
Opening shareholders' funds	<u>9,908,166</u>	<u>6,615,535</u>
Closing shareholders' funds	<u>14,935,131</u>	<u>9,908,166</u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

18 Financial commitments

At 31 July 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 July 2010

	Land and buildings	
	2009	2008
	£	£
Operating leases which expire		
Between two and five years	378,944	378,944

19 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	970,986	951,760
Company pension contributions to money purchase schemes	22,681	335,386
	993,667	1,287,146

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2008 - 6)

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 5 (2008 - 5)

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

Emoluments for qualifying services	196,540	188,874
Company pension contributions to money purchase schemes	5,896	250,500

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

20 Employees

Number of employees

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

	2009 Number	2008 Number
Management	26	10
Administration	37	28
Sales	131	129
	<u>194</u>	<u>167</u>

Employment costs

	2009 £	2008 £
Wages and salaries	5,281,371	4,748,644
Social security costs	1,128,398	1,100,616
Other pension costs	63,365	386,468
	<u>6,473,134</u>	<u>6,235,728</u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

21 Share option schemes

The company operates a tax authority-approved Enterprise Management Incentive Share Option Scheme for eligible employees, including directors

The company recognised the following expenses related to equity-settled share based payment transactions

	2009	2008
EMI share option scheme	-	67,758

All options vest only on the occurrence of a contingent event. This includes stock exchange listing, substantial sale or substantial business asset sale. If the options remain unexercised after a period of eight years from the date of grant, the options expire. Furthermore, the vesting of these share options is dependent on continued employment. Options are forfeited if an employee leaves the company.

Movements in the EMI share options in Softcat Limited shares outstanding and their weighted average exercise price are as follows

	Weighted average exercise price	No. of shares under options as at 2009	Weighted average exercise price	No. of shares under options as at 2008
Outstanding at 1 August		1,025,818		842,656
Granted during the year	£1.38	-	£1.38	247,204
Lapsed during the year	£1.38	(9,826)	£1.38	(64,042)
Exercised during the year		-		-
Outstanding at 31 July		1,015,992		1,025,818
Exercisable at 31 July		772,898		778,614

Share options in the company's ordinary shares outstanding at the year end have the following terms and exercise prices

Option term	Exercise price	No. of shares under options as at 31 July 2009	No. of shares under options as at 31 July 2008
May 2005 - April 2013	£0.47	128,488	129,525
July 2007 to June 2015	£2.20	206,009	207,288
August 2007 to January 2016	£1.35	202,639	202,639
June 2008 to May 2016	£1.20	235,762	239,162
October 2009 to July 2016	£1.35	243,094	247,204
Total		1,015,992	842,656

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2009

21 Share option schemes

(continued)

In the year ended 31 July 2009 and 31 July 2008, the company used the Black-Scholes model for measuring the fair value of the options granted. The following table sets out the information about how the fair value of the grant is calculated.

	2009	2008
Share price	£1.35	£1.35
Weighted average share price at grant date	£1.38	£1.38
Expected dividend yield	0.00%	0.00%
Risk free interest rate	2.90%	4.90%
Expected volatility	25.00%	25.00%
Term (days)	730	730

The above calculation shows the share price of options granted in the year. However, no options were granted during the year.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, restrictions and behavioural considerations at the date of granting the options.

Expected volatility was determined by calculating the historical volatility of the company's share price over the term commensurate with the expected term immediately prior to the date of grant (i.e. 730 days).

22 Control

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

23 Related party transactions

As at 31 July 2009, Softcat Limited owed Software Catalogue plc £67,752 (2008: £67,752).

As at 31 July 2009, Mr P Kelly owed the company £8,154 (2008: company owed P Kelly £13,649).

During the year, P Kelly sold a car to the company for £4,800. P Kelly also purchased an asset from the company for £8,800. Both transactions were carried out at arms length.

During the year, options worth £487 were exercised by L Fawell, the wife of D Fawell.

24 Post balance sheet events

After the year end, the company paid a dividend of £3,000,000 to all ordinary shareholders.

