

Company Registration No. 02174990 (England and Wales)

SOFTCAT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012



Tavistock House South
Tavistock Square
London
WC1H 9LG

Rayner Essex LLP
Chartered Accountants

SOFTCAT LIMITED

COMPANY INFORMATION

Directors

P D J Kelly
W J Kenny
D Fawell
D E Simpson
M J Hellowell
D Ridgway

Secretary

W J Kenny

Company number

02174990

Registered office

Solar House
Fieldhouse Lane
Marlow
Bucks
SL7 1LW

Auditors

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

SOFTCAT LIMITED

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SOFTCAT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2012

The directors present their report and financial statements for the year ended 31 July 2012

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 services to the Commercial and Public Sector markets, sales being predominantly within the UK.

The directors are pleased to report another very successful year for 2012 which saw the company break the £300 million mark in revenue for the first time. In addition, during the year the company acquired the freehold on a new head office in Marlow, and increased office capacity in Manchester from 7,200sq ft to over 11,000 sq ft.

Although there are still 5 months remaining on the lease of the previous head office, the company took the step to purchase the freehold of the new building utilising its cash reserves with the intention of providing a better return to its shareholders and subsequently moved into the new site in September 2012. The new offices will provide the company with much needed space to assist with its planned continued expansion.

Revenue for the year under review grew strongly to £307.5 million (2011: £219.2 million), representing a 40% increase over the year to 31 July 2011. The growth in turnover was ahead of expectations with particularly strong growth noted in the Storage (58%), Managed Services (91%), and the newly formed Public sector team increased its revenue by 104%.

Operating profit increased by 36% from £16.29 million for 2011 to £22.6 million for 2012. This exceeded the budgeted operating profit and was achieved by the growth in all Softcat divisions (Software, Hardware, Security, Storage and IT Services, Networking, Partner Services, Managed Services, and Public Sector).

Microsoft revenue for the year amounted to £88.1 million, which represents an increase of 31% over 2011. A major contributing factor to this increase in revenue is the increase in Microsoft license pricing which became effective in June 2012, and generated increased spend by customers in the May and June period.

The newly formed Managed Services division had a very successful year, finishing 41% ahead of its GP budget. Softcat has won a number of important new contracts in this area, and will continue to invest in this division, as it is expected to be a major growth area for the Company over the next 3 years.

Despite the continued economic downturn the company is cautiously optimistic about the prospects for the forthcoming year. Turnover is budgeted to grow to £365 million in the year to 31 July 2013.

The company has wide ranging programmes designed to identify risks, develop and implement an appropriate range of controls, and ensure that these controls are suitably resilient. Summarised below are some of the principal risks that present a material threat to the successful implementation of the company's strategy.

- Failure to identify opportunities to promote to customers the benefits of enhanced value added services, in addition to traditional services, results in lost opportunities
- Failure to adapt service offerings that grow / enhance the business, leading to inability to compete
- Failure to attract and retain excellent employees, leading to inability to provide excellent customer service

Financial risks are described below in the section on financial instruments.

SOFTCAT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

Performance indicators

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. Overall staff numbers have increased from 333 on 31 July 2011 to 432 on 31 July 2012

Debtor days

Debtor days are regularly monitored. As at 31 July 2012, debtor days were 44 (2011: 43)

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 1,556 customers

Very satisfied 1,095 (70.3%) (2011: 68.4%), Satisfied 450 (28.9%) (2011: 30.8%), Dissatisfied 11 (0.7%) (2011: 0.7%), Very dissatisfied 0 (0.0%) (2011: 0.1%)

Results and dividends

The results for the year are set out on page 8

A final dividend relating to year ended 31 July 2011 was paid amounting to £2,065,825. The directors do not recommend payment of a final dividend for the current year.

Future developments

The company will continue to invest in its people in order to continue to improve the quality of service provided. Achieving total customer satisfaction through service excellence remains the key goal. The company moved into new offices in Marlow in September 2012 and has expanded its operations in Manchester in order to help support its continued expansion plans. The Company also plans to move to a larger office premises in London in June 2013.

Within the business segments we expect significant growth from the Public Sector and Managed Services divisions, while maintaining market leading growth in all other areas of the business.

Directors

The following directors have held office since 1 August 2011

P D J Kelly

W J Kenny

D Fawell

D E Simpson

J A S Nash

(Resigned 14 January 2013)

M J Hellawell

D Ridgway

SOFTCAT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

Charitable donations	2012 £	2011 £
During the year the company made the following payments		
Charitable donations	103,418	14,776

The recipients and amounts of the charitable donations are as follows

Sports Relief £17,500,
Wooden Spoon £56,000,
Educaid £5,000,
Muscular Dystrophy Campaign £3,200,
BBC Children in Need £760,
St Johns Ambulance £1,200
Other charities £19,758

Employee involvement

The company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees. This is undertaken through a variety of methods including team briefings, email, intranet and the company's external website. At team meetings, managers are responsible for ensuring that information sharing, discussion, and feedback takes place on a regular basis.

Disabled persons

The company takes the issues of equality and diversity very seriously and is committed to equal opportunities by monitoring and regularly reviewing policies and practices to ensure that it meets current legislative requirements. No employee or potential employee receives less favourable treatment or consideration on grounds of gender, disability, race, national or ethnic origin, sexual orientation or marital status. All necessary assistance and training is made available to those with disabilities for those vacancies they are able to fill. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate for their aptitudes and abilities.

Corporate Governance

The company is committed to maintaining high standards of corporate governance even though it is not required to comply with the provisions under Schedule 8 of the Companies Act 2006. The Board has established a Remuneration Committee that consists of an independent Non-Executive director and 3 existing directors. The Remuneration Committee is responsible for setting policies on Directors' remuneration and for determining their individual remuneration packages. The main elements of director's remuneration packages are basic salary and benefits, pension arrangements, annual bonus plans and long term share-based incentive plans.

SOFTCAT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

Financial instruments

Financial risk management

The company uses financial instruments comprising of 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

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.

Interest rate risk

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

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.

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.

Statement of 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.

The directors' are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SOFTCAT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

Statement of disclosure to auditors

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

29/4/2013

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 2012 set out on pages 8 to 25. 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 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 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 - 5, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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 Simon Essex FCA (Senior Statutory Auditor)
for and on behalf of Rayner Essex LLP**

29TH APRIL 2013

**Chartered Accountants
Statutory Auditor**

Tavistock House South
Tavistock Square
London
WC1H 9LG

SOFTCAT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2012

	Notes	2012 £	2011 £
Turnover	2	307,504,992	219,228,118
Cost of sales		(250,914,947)	(175,921,917)
Gross profit		56,590,045	43,306,201
Administrative expenses		(33,994,319)	(27,016,509)
Operating profit	3	22,595,726	16,289,692
Other interest receivable and similar income	4	135,260	58,525
Interest payable and similar charges	5	-	(509)
Profit on ordinary activities before taxation		22,730,986	16,347,708
Tax on profit on ordinary activities	6	(5,302,600)	(4,813,400)
Profit for the year	16	17,428,386	11,534,308

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 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	8	4,696,736		706,269	
Investments	9		5		5
			<u>4,696,741</u>		<u>706,274</u>
Current assets					
Stocks	10	1,468,198		1,040,369	
Debtors	11	70,720,865		49,007,102	
Cash at bank and in hand		12,281,984		9,016,085	
			<u>84,471,047</u>		<u>59,063,556</u>
Creditors: amounts falling due within one year	12	(47,060,232)		(34,728,803)	
Net current assets			<u>37,410,815</u>		<u>24,334,753</u>
Total assets less current liabilities			<u>42,107,556</u>		<u>25,041,027</u>
Provisions for liabilities	13	(416,500)		(7,463)	
			<u>41,691,056</u>		<u>25,033,564</u>
Capital and reserves					
Called up share capital	15	61,310		61,310	
Share premium account	16	57,393		57,393	
Other reserves	16	(2,460,716)		(2,839,849)	
Profit and loss account	16	44,033,069		27,754,710	
Shareholders' funds	17	41,691,056		25,033,564	

Approved by the Board and authorised for issue on

29/4/2013


W J Kenny
Director


P D J Kelly
Director

Company Registration No. 02174990

SOFTCAT LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		14,596,748		1,458,502
Returns on investments and servicing of finance				
Interest received	135,260		58,525	
Interest paid	-		(509)	
Net cash inflow for returns on investments and servicing of finance		135,260		58,016
Taxation		(4,389,806)		(3,473,237)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(4,500,019)		(576,021)	
Receipts from sales of tangible assets	6,500		7,480	
Net cash outflow for capital expenditure		(4,493,519)		(568,541)
Equity dividends paid		(2,065,825)		-
Net cash inflow/(outflow) before management of liquid resources and financing		3,782,858		(2,525,260)
Purchase of own shares	379,133		176,386	
Decrease in debt	-		-	
Increase/(decrease) in cash in the year		4,161,991		(2,348,874)

SOFTCAT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2012

1	Reconciliation of operating profit to net cash inflow from operating activities	2012		2011	
		£		£	
	Operating profit	22,595,726		16,289,692	
	Depreciation of tangible assets	474,575		237,387	
	Loss/(profit) on disposal of tangible assets	28,477		(5,480)	
	Increase in stocks	(427,829)		(209,154)	
	Increase in debtors	(21,031,750)		(18,906,366)	
	Increase in creditors within one year	11,625,251		3,896,386	
	Share based payments	915,798		156,037	
	Increase in provisions	416,500		-	
	Net cash inflow from operating activities	14,596,748		1,458,502	
2	Analysis of net funds	1 August 2011	Cash flow	Other non-cash changes	31 July 2012
		£	£	£	£
	Net cash				
	Cash at bank and in hand	9,016,085	3,265,899	-	12,281,984
	Bank overdrafts	(3,073,853)	896,092	-	(2,177,761)
		<u>5,942,232</u>	<u>4,161,991</u>	<u>-</u>	<u>10,104,223</u>
	Bank deposits	-	-	-	-
	Net funds	5,942,232	4,161,991	-	10,104,223
3	Reconciliation of net cash flow to movement in net funds	2012		2011	
		£		£	
	Increase/(decrease) in cash in the year	4,161,991		(2,348,874)	
	Movement in net funds in the year	4,161,991		(2,348,874)	
	Opening net funds	5,942,232		8,291,106	
	Closing net funds	10,104,223		5,942,232	

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

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. Turnover in respect of goods is recognised when title is passed to customers. Turnover in respect of services is recognised as it is earned.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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:

Freehold buildings	50 years straight line
Building improvements	10 years straight line
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.

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

1 Accounting policies

(continued)

1 11 Share-based payments

The company operates a tax authority-approved Enterprise Management Incentive Share Option Scheme (EMI) and a Company Share Option Plan (CSOP) so as to encourage share ownership by all eligible employees, including directors. Share options must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the Black-Scholes Model. The fair value will be charged as an expense in the profit and loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

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.

1 12 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 taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to prepare group accounts on the grounds the subsidiary undertakings are not material for the purpose of giving a true and fair view.

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

	2012 £	2011 £
Operating profit is stated after charging		
Depreciation of tangible assets	474,575	237,387
Loss on disposal of tangible assets	28,477	-
Loss on foreign exchange transactions	4,012	41,917
Operating lease rentals	988,060	465,610
and after crediting		
Profit on disposal of tangible assets	-	(5,480)

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	28,800	25,000
Taxation	3,000	3,000
Other services	6,400	24,925
	<u>38,200</u>	<u>52,925</u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

4	Investment income	2012	2011
		£	£
	Bank interest	135,260	58,525
		<u>135,260</u>	<u>58,525</u>
5	Interest payable	2012	2011
		£	£
	On bank loans and overdrafts	-	509
		<u>-</u>	<u>509</u>
6	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U K corporation tax	5,826,357	4,833,707
	Adjustment for prior years	6,149	(9,648)
		<u>5,832,506</u>	<u>4,824,059</u>
	Total current tax		
	Deferred tax		
	Deferred tax charge/credit current year	(529,906)	(10,659)
		<u>5,302,600</u>	<u>4,813,400</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	22,730,986	16,347,708
		<u>22,730,986</u>	<u>16,347,708</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2011 - 26.00%)	5,455,437	4,250,404
		<u>5,455,437</u>	<u>4,250,404</u>
	Effects of		
	Non deductible expenses	269,431	363,497
	Depreciation add back	113,898	61,721
	Capital allowances	(131,696)	(73,556)
	Adjustments to previous periods	6,149	(9,648)
	Other tax adjustments	119,287	231,641
		<u>377,069</u>	<u>573,655</u>
	Current tax charge for the year	5,832,506	4,824,059
		<u>5,832,506</u>	<u>4,824,059</u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

7	Dividends	2012 £	2011 £
	Ordinary final paid	2,065,825	-

8	Tangible fixed assets	Freehold buildings	Building improvements	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
		£	£	£	£	£	£
	Cost						
	At 1 August 2011	-	-	1,276,204	649,927	58,327	1,984,458
	Additions	2,648,703	547,838	962,802	283,627	57,049	4,500,019
	Disposals	-	-	(477,187)	(408,665)	(30,000)	(915,852)
	At 31 July 2012	2,648,703	547,838	1,761,819	524,889	85,376	5,568,625
	Depreciation						
	At 1 August 2011	-	-	811,973	424,228	41,988	1,278,189
	On disposals	-	-	(477,187)	(375,077)	(28,611)	(880,875)
	Charge for the year	-	-	392,086	54,031	28,458	474,575
	At 31 July 2012	-	-	726,872	103,182	41,835	871,889
	Net book value						
	At 31 July 2012	2,648,703	547,838	1,034,947	421,707	43,541	4,696,736
	At 31 July 2011	-	-	464,231	225,699	16,339	706,269

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 August 2011 & at 31 July 2012	5
Net book value	
At 31 July 2012	5
At 31 July 2011	5

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	Class	Shares held %
Subsidiary undertakings			
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 2012 £	Profit for the year 2012 £
Software Licensing Ltd	2	-
Softcat Services Ltd	1	-
Skills-Online Ltd	1	-
Sequireit Ltd	1	-

All companies remained dormant throughout the year

10 Stocks	2012 £	2011 £
Finished goods and goods for resale	1,468,198	1,040,369

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

11 Debtors	2012 £	2011 £
Trade debtors	64,634,419	45,961,062
Corporation tax recoverable	159,570	-
Called up share capital not paid	9,600	9,600
Other debtors	796,782	138,618
Prepayments and accrued income	4,598,051	2,897,822
Deferred tax asset (see note 13)	522,443	-
	<u>70,720,865</u>	<u>49,007,102</u>

12 Creditors' amounts falling due within one year	2012 £	2011 £
Bank loans and overdrafts	2,177,761	3,073,853
Trade creditors	21,918,331	15,396,705
Corporation tax	4,464,883	2,862,613
Other taxes and social security costs	6,997,900	3,844,462
Accruals and deferred income	11,501,357	9,551,170
	<u>47,060,232</u>	<u>34,728,803</u>

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 2012

13 Provisions for liabilities

	Other £
Profit and loss account	416,500
Balance at 31 July 2012	<u>416,500</u>

The provision relates to an onerous lease at the company's old premises

The deferred tax asset (included in debtors, note 11) is made up as follows

	2012 £
Balance at 1 August 2011	7,463
Profit and loss account	(529,906)
Balance at 31 July 2012	<u>(522,443)</u>

	2012 £	2011 £
Accelerated capital allowances	26,019	7,463
Other timing differences	(548,462)	-
	<u>(522,443)</u>	<u>7,463</u>

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 £70,024 (2011 £73,626) were outstanding.

	2012 £	2011 £
Contributions payable by the company for the year	<u>249,478</u>	<u>155,003</u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

15 Share capital	2012 £	2011 £
Authorised		
11,204,245 Ordinary shares of 1p each	112,042	112,042
188,500 'MR' shares of 1p each	1,885	1,885
607,255 'A' Ordinary Shares of 1p each	6,073	6,073
	<u>120,000</u>	<u>120,000</u>
 Allotted, called up and fully paid		
5,335,200 Ordinary shares of 1p each	53,352	53,352
188,500 'MR' shares of 1p each	1,885	1,885
607,300 'A' Ordinary Shares of 1p each	6,073	6,073
	<u>61,310</u>	<u>61,310</u>

During the year, 157,960 share options were exercised and shares held by the employee benefit trust transferred an equivalent number of shares to the employees exercising their options

The 5,335,266 issued Ordinary shares of £0.01 each above consist of 4,397,766 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 2012

16 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 August 2011	57,393	(2,839,849)	27,754,710
Profit for the year	-	-	17,428,386
Share based payment transactions	-	-	915,798
Dividends paid	-	-	(2,065,825)
Movement during the year	-	379,133	-
Balance at 31 July 2012	<u>57,393</u>	<u>(2,460,716)</u>	<u>44,033,069</u>

Other reserves

Reserves for own shares

Balance at 1 August 2011	(2,839,849)
Reserve for own shares movement	<u>379,133</u>
Balance at 31 July 2012	<u>(2,460,716)</u>

During the year, share options were exercised which realised the above receipts

17 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	17,428,386	11,534,308
Dividends	<u>(2,065,825)</u>	<u>-</u>
	15,362,561	11,534,308
Share based payment transactions	915,798	156,037
Movements on other reserves	<u>379,133</u>	<u>176,386</u>
Net addition to shareholders' funds	16,657,492	11,866,731
Opening shareholders' funds	<u>25,033,564</u>	<u>13,166,833</u>
Closing shareholders' funds	<u>41,691,056</u>	<u>25,033,564</u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

18 Financial commitments

At 31 July 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 July 2013

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Between two and five years	399,574	501,344
In over five years	156,188	-
	<u>555,762</u>	<u>501,344</u>

19 Capital commitments

At 31 July 2012 the company had capital commitments as follows

	2012	2011
	£	£
Contracted for but not provided in the financial statements	<u>585,000</u>	<u>-</u>

20 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	1,483,902	1,840,050
Company pension contributions to defined contribution schemes	<u>11,721</u>	<u>11,241</u>
	<u>1,495,623</u>	<u>1,851,291</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2011 - 5)

The number of directors who exercised share options during the year was 4 (2011 - 0)

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 5 (2011 - 5)

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

Remuneration for qualifying services	588,999	592,142
Company pension contributions to defined contribution schemes	<u>2,198</u>	<u>-</u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

21 Employees

Number of employees

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

	2012 Number	2011 Number
Management	30	29
Administration	65	57
Sales	292	195
	<u>387</u>	<u>281</u>

Employment costs

	2012 £	2011 £
Wages and salaries	11,171,024	9,484,014
Social security costs	2,953,393	2,488,412
Other pension costs	249,478	155,003
Costs of share option scheme	915,798	156,037
	<u>15,289,693</u>	<u>12,283,466</u>

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

22 Share option schemes

The company operates a tax authority-approved Enterprise Management Incentive Share Option Scheme (EMI) and a Company Share Option Plan (CSOP) for eligible employees, including directors

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

	2012	2011
CSOP share option plan	915,798	156,037

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 ten years from the date of grant, the options expire. Furthermore, the vesting of these share options is dependent on continued employment. The company has the right to cancel the options if an employee leaves the company.

Movements in the EMI and CSOP 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 2012	Weighted average exercise price	No. of shares under options as at 2011
Outstanding at 1 August		1,180,189		799,898
Granted during the year	£2 61	-	£2 45	513,000
Lapsed during the year	£2 61	-	£2 45	-
Forfeited during the year		(7,000)		
Exercised during the year		(157,960)		(132,709)
Outstanding at 31 July		1,015,229		1,180,189
Exercisable at 31 July		502,229		667,189

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 2012	No. of shares under options as at 31 July 2011
July 2007 to June 2015	£2 20	148,487	167,189
August 2007 to January 2016	£1 35	128,565	128,565
June 2008 to May 2016	£1 20	82,653	179,031
October 2009 to July 2016	£1 35	149,524	192,404
June 2013 to May 2021	£3 65	506,000	513,000
Total		1,015,229	1,180,189

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

22 Share option schemes

(continued)

In the years ended 31 July 2012 and 31 July 2011, 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.

	2012	2011
Share price	£3.65	£3.65
Weighted average share price at grant date	£2.61	£2.45
Expected dividend yield	0.00%	0.00%
Risk free interest rate	0.50%	0.50%
Expected volatility	50.00%	50.00%
Term (days)	730	730

The above calculation shows the share price of options granted. During the year £Nil (2011: £513,000) options were granted.

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).

23 Control

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

SOFTCAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2012

24 Related party relationships and transactions

Loans to directors

Transactions in relation to loans with directors during the year are outlined in the table below

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
D Fawell	-	-	550,000	-	-	550,000
		-	550,000	-	-	550,000

Advances and credits to directors

Advances and credits granted to the directors during the year are outlined in the table below

	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
P D J Kelly	-	28,035	144,280	-	(28,035)	144,280
D E Simpson	-	3,000	-	-	(3,000)	-
		31,035	144,280	-	(31,035)	144,280

Dividends to Directors

The following directors were paid dividends during the year as outlined in the table below

	2012 £	2011 £
P D J Kelly	849,696	-
W J Kenny	65,971	-
D Fawell	65,947	-
D E Simpson	65,944	-
J A S Nash	232,543	-
M J Hellawell	57,525	-
D Ridgway	5,293	-
	1,342,919	-