

**SOFTCAT PLC**  
**FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 31 JULY 2001**



**Faulkner House**  
**Victoria Street**  
**St Albans**  
**Herts AL1 3SE**

**RAYNER ESSEX**  
**CHARTERED ACCOUNTANTS**

# SOFTCAT PLC

## COMPANY INFORMATION

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**Directors**

P D J Kelly  
W J Kenny  
D Fawell (appointed 1/8/01)  
D E Simpson (appointed 1/8/01)

**Secretary**

P D J Kelly

**Bankers**

National Westminster Bank Plc  
PO Box 17  
33 High Street  
High Wycombe  
Bucks  
HP11 2AJ

**Solicitors**

Morgan Cole  
Apex Plaza  
Reading  
Berks  
RG1 1GUY

**Registered Office**

1 Twyford Place  
Lincoln's Inn  
Lincoln Road  
High Wycombe  
Bucks  
HP12 3RE

**Auditors**

Rayner Essex  
Chartered Accountants  
Faulkner House  
Victoria Street  
St Albans  
Herts  
AL1 3SE

# **SOFTCAT PLC**

## **CONTENTS**

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	<b>Page</b>
<b>Directors' Report</b>	<b>1-2</b>
<b>Auditor's Report</b>	<b>3</b>
<b>Consolidated Profit and Loss Account</b>	<b>4</b>
<b>Consolidated Balance Sheet</b>	<b>5</b>
<b>Company Balance Sheet</b>	<b>6</b>
<b>Consolidated Cash Flow Statement</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8-18</b>

# SOFTCAT PLC

## DIRECTORS REPORT

### FOR THE YEAR ENDED 31 JULY 2001

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The directors present their report together with financial statements for the year ended 31 July 2001.

#### Review of the business and future developments

The principal activities of the group remained those of recruitment consultancy and the sale of IT supplies to the corporate market. Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will continue for the foreseeable future.

#### Results and dividends

The profit for the year after taxation is stated on page 4. The directors do not recommend the payment of a dividend.

#### Post balance sheet events

During the year the Board have carried out a strategic review of the Group structure and have resolved to reorganise the Group in order that the trade of Software Catalogue Plc is transferred from Software Catalogue Plc to be carried out by Softcat Plc. In order to achieve this the following steps have been undertaken.

On the 22nd September, Wardswift Group Plc (the ultimate parent company), passed a special resolution to change its name to Softcat plc. This name represented the first stage in the group reorganisation. The second stage was to demerge Mac Recruitment Ltd from the Softcat plc group of companies, the third and final stage was the transfer of the trade and assets of Software Catalogue Plc to Softcat Plc. The second and third stages and completion of the Group reorganisation was achieved on 1 August 2001.

#### Directors

The directors in office during and at the end of the year are listed below.

The interests of the directors and their families in the shares of the company at the beginning and end of the year were as follows:

	31 July 2001 Ordinary Shares	31 July 2000 Ordinary Shares
P D J Kelly	50,000	50,000
W J Kenny	-	-

#### Political and charitable contributions

During the year the group made the following charitable contributions:

Other charitable contributions	£ 1,000
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# SOFTCAT PLC

## REPORT OF THE DIRECTORS (CONTINUED)

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### Directors' responsibilities for the financial statements

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 group 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 group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditor

In accordance with Section 385(1) of the Companies Act 1985, a resolution proposing the re-appointment of Rayner Essex, Chartered Accountants, as auditor to the company will be put to the Annual General Meeting.

### Creditor payment policy

The group's policy with regard to payment of creditors is that approved invoices are settled within the suppliers' terms. The average settlement period for suppliers' invoices during the year under review was 38 days.

BY ORDER OF THE BOARD

P D J KELLY - DIRECTOR

21 February 2002

# REPORT OF THE AUDITOR TO THE MEMBERS OF SOFTCAT PLC

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We have audited the financial statements on pages 4 to 18 which have been prepared under the accounting policies set out on pages 8 and 9.

## **Respective responsibilities of directors and auditor**

As described on page 2 the directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## **Basis of opinion**

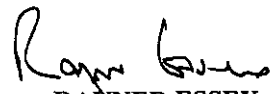
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 affairs of the company and the group at 31 July 2001 and the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Faulkner House  
Victoria Street  
St Albans  
Herts AL1 3SE**

  
**RAYNER ESSEX  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS**

22 February 2002

# SOFTCAT PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED 31 JULY 2001

	Notes	2001 £ CONTINUING	2001 £ DISCONTINUED	2001 £ TOTAL	2000 £
Turnover	2	31,868,970	795,969	32,664,939	18,367,162
Cost of sales		(27,331,930)	(396,852)	(27,728,782)	(15,189,681)
<b>Gross profit</b>		<b>4,537,040</b>	<b>399,117</b>	<b>4,936,157</b>	<b>3,177,481</b>
Administrative expenses		(3,730,710)	(364,620)	(4,095,330)	(2,643,970)
<b>Operating profit</b>		<b>806,330</b>	<b>34,497</b>	<b>840,827</b>	<b>533,511</b>
Interest payable and similar charges	3			(123,786)	(68,097)
<b>Profit on ordinary activities before taxation</b>	2			<b>717,041</b>	<b>465,414</b>
Tax on profit on ordinary activities	5			(234,599)	(105,137)
<b>Profit on ordinary activities after taxation</b>				<b>482,442</b>	<b>360,277</b>
Minority interest				(219,983)	(163,042)
<b>Profit for the financial period</b>	14			<b>262,459</b>	<b>197,235</b>

#### RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses for 2001 or 2000 other than those included in the profit and loss account.

#### CONTINUING ACTIVITIES

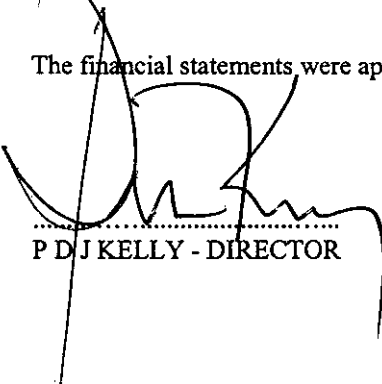
None of the group's activities were acquired during the above two financial periods, and no activities were discontinued for the year ended 31 July 2000.

# SOFTCAT PLC

## CONSOLIDATED BALANCE SHEET AT 31 JULY 2001

	Note	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	7	514,579	438,945
Investments	8	-	-
		<u>514,579</u>	<u>438,945</u>
<b>Current assets</b>			
Stocks	9	335,138	171,540
Debtors	10	7,028,905	5,778,766
Cash at bank and in hand		8,690	21,426
		<u>7,372,733</u>	<u>5,971,732</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,072,918)</u>	<u>(5,082,532)</u>
<b>Net current assets/liabilities</b>		<u>1,299,815</u>	<u>889,200</u>
<b>Total assets less current liabilities</b>		<u>1,814,394</u>	<u>1,328,145</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(12,570)	(8,762)
<b>Provisions for liabilities and charges</b>			
Minority interests	13	<u>(776,711)</u>	<u>(556,729)</u>
<b>Equity shareholders' funds</b>		<u>1,025,113</u>	<u>762,654</u>
<b>Capital and reserves</b>			
Called up share capital	15	21,875	21,875
Capital reserve	15	3,500	3,500
Profit and loss account	15	999,738	737,279
<b>Equity shareholders' funds</b>	14	<u>1,025,113</u>	<u>762,654</u>

The financial statements were approved by the board of directors on 21 February 2002

  
P D J KELLY - DIRECTOR

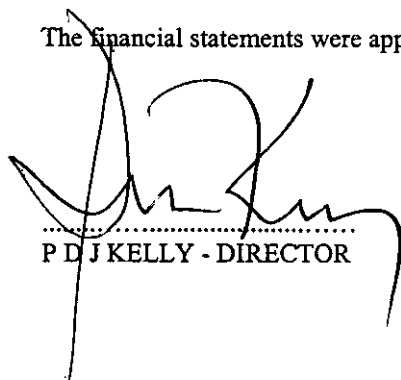


# SOFTCAT PLC

## COMPANY BALANCE SHEET AT 31 JULY 2001

	Note	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	7	81,651	115,713
Investments	8	31,509	31,509
		<u>113,160</u>	<u>147,222</u>
<b>Current assets</b>			
Debtors	10	248,474	159,602
Cash at bank and in hand		8,043	189
		<u>256,517</u>	<u>159,791</u>
Creditors: amounts falling due within one year	11	(226,883)	(155,457)
<b>Net current assets</b>		<u>29,634</u>	<u>4,334</u>
<b>Total assets less current liabilities</b>		<u>142,794</u>	<u>151,556</u>
<b>Creditors: amounts falling due after more than one year</b>	12	-	(8,762)
<b>Equity shareholders' funds</b>		<u>142,794</u>	<u>142,794</u>
<b>Capital and reserves</b>			
Called up share capital	15	21,875	21,875
Profit and loss account	15	120,919	120,919
<b>Equity shareholders' funds</b>	14	<u>142,794</u>	<u>142,794</u>

The financial statements were approved by the Board of Directors on 21 February 2002



P D J KELLY - DIRECTOR

**SOFTCAT PLC****CONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 JULY 2001**

	Note	2001 £	2000 £
Net cash (outflow)/inflow from operating activities	20	662,606	(844,834)
Returns on investments and servicing of finance	21	(123,786)	(68,097)
Taxation		(307,448)	(38,839)
Capital expenditure and financial investment	21	(196,624)	(250,558)
Cash (outflow)/inflow before use of liquid resources and financing		34,748	(1,202,328)
Financing	21	(21,878)	(21,788)
Increase/(decrease) in cash		12,870	(1,224,116)
<b>RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT</b>			
Increase/(decrease) in cash in the period		12,870	(1,224,116)
Cash flow from decrease/(increase) in debt and lease financing		54,570	(164,476)
Movement in net debt resulting from cashflows		67,440	(1,388,592)
Non-cash movements		(31,109)	-
Movement in net debt in period	22	36,331	(1,388,592)
Net debt at 1 August 2000	22	(2,422,267)	(1,033,675)
Net debt at 31 July 2001	22	(2,385,936)	(2,422,267)

# **SOFTCAT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 JULY 2001**

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#### **1. ACCOUNTING POLICIES**

##### **Accounting Convention**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

##### **Basis of Consolidation**

The group financial statements consolidate those of the company and its trading subsidiary undertakings (see note 8) drawn up to 31 July 2001. The results of the subsidiary have been included using the acquisition method of accounting.

##### **Turnover**

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

##### **Depreciation**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by annual instalments over their expected useful lives.

The rates generally applicable are:

Office equipment	15% reducing balance
Computer equipment	33% straight line
Motor vehicles	25% reducing balance

##### **Development Expenditure**

Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and are amortised in line with the expected sales arising from the projects. All other development costs are written off in the year of expenditure.

# **SOFTCAT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 JULY 2001**

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#### **Leased Assets**

Where assets are financed by leasing agreements which give risks and rewards approximate to ownership ("finance leases") they are treated as if they had been purchased outright on credit. They are therefore initially recorded as a fixed asset and a liability at a sum equal to the fair value of the asset. Leasing payments on such assets are regarded as consisting of a capital element which reduces the outstanding liability and an interest charge.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

#### **Contributions to Pension Funds**

Defined contribution scheme.

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

#### **Deferred Taxation**

Deferred taxation is provided on the liability method on all short term timing differences except where, in the opinion of the directors, a liability is unlikely to arise. Provision is also made for long term timing differences where those differences are expected to reverse in the foreseeable future.

# SOFTCAT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2001

#### 2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover, profit/loss before taxation and net assets are attributable to the following activities which are carried out in a single geographical market.

	Turnover		Profit before taxation		Net assets	
	2001 £	2000 £	2001 £	2000 £	2001 £	2000 £
Recruitment consultancy	795,969	552,415	33,845	26,680	194,414	167,426
Computer software sales	31,868,970	17,814,747	683,196	438,734	830,699	595,228
	<u>32,664,939</u>	<u>18,367,162</u>	<u>717,041</u>	<u>465,414</u>	<u>1,025,113</u>	<u>762,654</u>

The profit on ordinary activities is stated after:

	2001 £	2000 £
Auditor's remuneration		
- audit services	10,600	15,579
- non audit services	11,383	2,300
Depreciation of tangible fixed assets		
- owned	132,901	73,579
- held under finance leases	19,197	10,282
Loss on disposal of tangible fixed assets	-	1,436
	<u></u>	<u></u>

#### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
On bank loans and overdrafts		
- repayable within 5 years, other than by instalments	6,098	8,602
Other loans		
- repayable within 5 years, other than by instalments	106,422	55,612
Hire purchase interest	1,028	3,459
Interest on late payment of tax	10,238	424
	<u>123,786</u>	<u>68,097</u>

# SOFTCAT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2001

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#### 4. DIRECTORS AND EMPLOYEES

The average number of employees of the group during the year and their aggregate emoluments are shown below:

	2001 £	2000 £
Wages and salaries	2,535,525	1,592,062
Social security	268,864	156,345
Pension costs	59,721	26,828
	<u>2,864,110</u>	<u>1,775,235</u>

The average monthly number of employees of the group during the period was 91 (2000: 67).

Staff costs include remuneration in respect of directors, as follows:

	2001 £	2000 £
Aggregate emoluments	460,757	269,537
Pension contributions	9,400	10,200
	<u>470,157</u>	<u>279,737</u>

The number of directors to whom retirement benefits are accruing under pension schemes is as follows:

	No:	No:
Defined contribution scheme	<u>4</u>	<u>4</u>
<b>Highest paid director</b>		
	2001 £	2000 £
Aggregate emoluments	150,085	128,621
Contributions to a money purchase pension scheme	3,000	3,000
	<u>153,085</u>	<u>131,621</u>

#### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	2001 £	2000 £
Corporation tax @ 20%/30% (2000: 20%/30%)	<u>234,599</u>	<u>105,137</u>

# SOFTCAT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2001

#### 6. PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. There has been no movement on the profit and loss account as all amounts have been recharged to subsidiary companies (2000: Profit £7,872).

#### 7. TANGIBLE FIXED ASSETS

The group	Office equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 August 2000	241,305	441,558	91,545	774,408
Additions at cost	31,570	143,998	52,165	227,733
Disposals	-	-	-	-
At 31 July 2001	272,875	585,556	143,710	1,002,141
<b>Depreciation</b>				
At 1 August 2000	77,262	214,912	43,290	335,464
Provided in the year	27,057	102,608	22,433	152,098
Disposals	-	-	-	-
At 31 July 2001	104,319	317,520	65,723	487,562
<b>Net book value</b>				
At 31 July 2001	168,556	268,036	77,987	514,579
At 31 July 2000	164,043	226,646	48,255	438,944
<b>The company</b>				
<b>Cost</b>				
At 1 August 2000	105,278	61,857	91,545	258,680
Additions at cost	-	-	-	-
Disposals	-	-	-	-
At 31 July 2001	105,278	61,857	91,545	258,680
<b>Depreciation</b>				
At 1 August 2000	51,795	47,883	43,290	142,968
Provided in the year	8,023	13,974	12,064	34,061
Disposals	-	-	-	-
At 31 July 2001	59,818	61,857	55,354	177,029
<b>Net book value</b>				
At 31 July 2001	45,460	-	36,191	81,651
At 31 July 2000	53,483	13,974	48,255	115,712

# SOFTCAT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR 31 JULY 2001

#### 7. TANGIBLE FIXED ASSETS (CONTINUED)

Included in the figures stated above are assets held under finance leases as follows:

##### The group

	Motor vehicles £
Net book value at 31 July 2001	69,672
Net book value at 31 July 2000	46,055

##### The company

	Motor vehicles £
Net book value at 31 July 2001	38,563
Net book value at 31 July 2000	46,055

#### 8. FIXED ASSET INVESTMENTS

	Shares in subsidiaries £	Total £
Cost at 1 August 2000 & 31 July 2001	31,509	31,509

At 31 July 2001 the company held more than 10% of the equity of the following companies:

Subsidiary	Country of registration	Class of share capital held	Proportion held	Nature of business
Software Catalogue Plc	England & Wales	Ordinary	52%	Computer Software
Mac Recruitment Ltd	England & Wales	Ordinary	100%	Computer Recruiting
SDS Plc	England & Wales	Ordinary	100%	Dormant
Software Licensing Ltd	England & Wales	Ordinary	100%	Dormant

The results of Software Catalogue have been consolidated by virtue of the fact that Softcat Plc holds the majority of the voting share capital.

The results of Mac Recruitment have been consolidated by virtue of the fact that Softcat Plc owns 100% of the issued share capital.

Satellite Digital Systems Plc and Software Licensing Ltd remained dormant throughout the year. Their aggregate capital and reserves are negligible, and their accounts have therefore been excluded from the consolidated figures on the grounds of immateriality (S.229(2) Companies Act 1985).



# SOFTCAT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2001

#### 9. STOCKS

	The group	
	2001	2000
	£	£
Goods for resale	335,138	171,540

#### 10. DEBTORS

	The group		The company	
	2001	2000	2001	2000
	£	£	£	£
Amounts owed by group undertakings	-	-	154,056	25,040
Trade debtors (a)	6,671,790	5,460,291	1,627	35,765
Other debtors	148,135	84,109	16,424	893
Prepayments and accrued income	145,175	190,412	41,483	63,552
Directors' loan accounts (b)	63,805	43,954	34,884	34,354
	<u>7,028,905</u>	<u>5,778,766</u>	<u>248,474</u>	<u>159,604</u>

(a) Trade debtors include factored debts of £6,425,684 (2000: £3,797,153).

(b) At the balance sheet date £34,884 (2000: £34,354) was owed to the company by P D J Kelly. This loan was in contravention of Section 330 of the Companies Act 1985 and will be repaid in the year to 31 July 2002 as part of the corporate restructuring.

#### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	2001	2000	2001	2000
	£	£	£	£
Bank overdrafts	1,981,320	2,006,928	-	26,024
Trade creditors	2,872,160	1,927,723	18,846	56,115
Amounts owed to group undertakings	-	-	105,148	1,122
Corporate taxation	234,529	307,378	3	3,789
Social security and other taxes	187,142	92,165	68,445	29,252
Accruals and deferred income	396,206	320,333	24,854	26,390
Other creditors	383,371	415,240	825	-
Amounts due under finance leases	18,190	12,765	8,762	12,765
	<u>6,072,918</u>	<u>5,082,532</u>	<u>226,883</u>	<u>155,457</u>

Liabilities are secured by cross company guarantees over the book debts of Software Catalogue Plc and a personal guarantee by Mr P D J Kelly, Director.

There is a fixed charge over factored debts and a floating charge over all other assets dated 17 October 2001

# SOFTCAT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2001

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#### 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group		The company	
	2001	2000	2001	2000
	£	£	£	£
Amount due under finance leases	<u>12,570</u>	<u>8,762</u>	<u>-</u>	<u>8,762</u>

#### 13. MINORITY INTERESTS

	The group	
	2001	2000
	£	£
Equity minority interests	<u>776,711</u>	<u>556,729</u>

The minority interest represents 48.3% (2000: 48.3%) of the share capital of Software Catalogue Plc.

#### 14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

The group	2001	2000
	£	£
At 1 August 2000	762,654	565,419
Profit for the financial year	262,459	197,235
At 31 July 2001	<u>1,025,113</u>	<u>762,654</u>
The company		
At 1 August 2000	142,794	134,922
(Loss)/profit for the financial year	-	7,872
At 31 July 2001	<u>142,794</u>	<u>142,794</u>

# SOFTCAT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2001

#### 15. STATEMENT OF MOVEMENTS IN RESERVES

The group	Share capital £	Capital reserve £	Profit and loss account £	Total £
At 1 August 2000	21,875	3,500	737,279	762,654
Profit for the financial year	-	-	262,459	262,459
At 31 July 2001	<u>21,875</u>	<u>3,500</u>	<u>999,738</u>	<u>1,025,113</u>
The company		Share capital £	Profit and loss account £	Total £
At 1 August 2000 and 31 July 2001		<u>21,875</u>	<u>120,919</u>	<u>142,794</u>

The share capital consists of 50,000 authorised, ordinary shares of £1 each, of which 12,500 are allotted, called up and fully paid and 37,500 are allotted, called up and quarter paid.

#### 16. LEASING COMMITMENTS

Operating lease payments amounting to £118,840 (2000: £65,628) are due within one year. The leases to which these amounts relate expire as follows:

	2001 Land and buildings £	2000 Land and buildings £
In two to five years	<u>118,840</u>	<u>121,540</u>

#### 17. PENSIONS

The company operates a defined contribution pension scheme for the benefit of the senior employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £59,721 (2000: £26,828).

# SOFTCAT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2001

#### 18. DEFERRED TAXATION

No provision has been made for deferred taxation as, in the opinion of the directors, a liability is unlikely to arise.

#### 19. DISCLOSURE OF CONTROL

The ultimate controlling party of the group is Mr P D J Kelly, Director.

As disclosed in note 11, 'other creditors' of £382,546 (2000: £415,240) have been partly secured by a personal guarantee from Mr P D J Kelly.

#### 20. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	2001 £	2000 £
Operating profit	840,827	533,511
Depreciation charges	152,098	83,861
Decrease/(increase) in stock	(163,598)	(124,542)
Increase in debtors	(1,250,139)	(1,301,384)
Increase in creditors	1,083,418	(37,716)
Loss/(Profit) on disposal	-	1,436
	<u>662,606</u>	<u>(844,834)</u>

#### 21. ANALYSIS OF CASH FLOWS

	2001 £	2000 £
<b>Returns on investments and servicing of finance:</b>		
Interest paid	(16,336)	(9,026)
Interest element of finance lease rental payments	(1,028)	(3,459)
Interest element of factor charges	(106,422)	(55,612)
	<u></u>	<u></u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u>(123,786)</u>	<u>(68,097)</u>
<b>Capital expenditure and financial investment:</b>		
Purchase of tangible fixed assets	(196,624)	(257,458)
Sale of tangible fixed assets	-	6,900
	<u></u>	<u></u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<u>(196,624)</u>	<u>(250,558)</u>
<b>Financing:</b>		
Capital element of finance lease repayments	(21,878)	(21,788)
	<u></u>	<u></u>

# SOFTCAT PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2001

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#### 22. ANALYSIS OF NET DEBT

	At 31 July 2000 £	Cash flow £	Other non- cash changes £	At 31 July 2001 £
Cash in hand	21,428	(12,738)	-	8,690
Overdrafts	(2,006,928)	25,608	-	(1,981,320)
	<u>(1,985,500)</u>	<u>12,870</u>	<u>-</u>	<u>(1,972,630)</u>
Debt due within 1 year	(415,240)	32,694	-	(382,546)
Finance leases	(21,527)	21,876	(31,109)	(30,760)
	<u>(2,422,267)</u>	<u>67,440</u>	<u>(31,109)</u>	<u>(2,385,936)</u>

#### 23. POST BALANCE SHEET EVENTS

During the year the Board have carried out a strategic review of the Group structure and have resolved to reorganise the Group in order that the trade of Software Catalogue Plc is transferred from Software Catalogue Plc to be carried out by Softcat Plc. In order to achieve this the following steps have been undertaken.

On the 22nd September, Wardswift Group Plc (the ultimate parent company), passed a special resolution to change its name to Softcat plc. This name represented the first stage in the group reorganisation. The second stage was to demerge Mac Recruitment Ltd from the Softcat plc group of companies, the third and final stage was the transfer of the trade and assets of Software Catalogue Plc to Softcat Plc. The second and third stages and completion of the Group reorganisation was achieved on 1 August 2001.

#### 24. RELATED PARTIES

Mr R Sieger, a director of Software Catalogue Plc, provided training services for £Nil (2000: £9,000).