



SOFTCAT LTD

**ANNUAL REPORT
AND ACCOUNTS
2015**



SOFTCAT IS A LEADING IT INFRASTRUCTURE PROVIDER

We are Softcat. We provide corporate and public sector organisations with software licensing, workplace technology, data centre infrastructure, networking and security combined with all the services they require to design, implement, support and manage these solutions; on premise or in the cloud. We are passionate about what we do and are relentless in our pursuit of excellence; we like enthusiasm, humility, energy and positivity. We try not to take ourselves too seriously but we are a very serious business with revenues approaching £600m and growing very quickly.

We care passionately about two things: employee satisfaction and customer service. We believe the former drives the latter.



PG04

To find more about our Business Model



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To read our Chairman's Statement



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To read our Chief Executive's Statement

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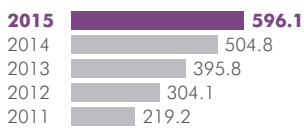
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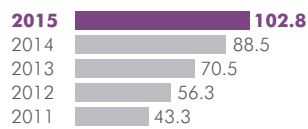
At year ended 31 July 2015

FINANCIAL AND OPERATIONAL HIGHLIGHTS

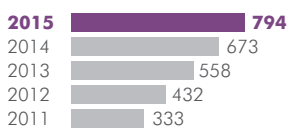
REVENUE £M



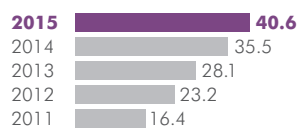
GROSS PROFIT £M



EMPLOYEE NUMBERS*



ADJUSTED OPERATING PROFIT £M



- Revenue growth: 18%
- Adjusted operating profit growth: 14%
- Cash conversion: 132%
- New office opens in Leeds
- Growth achieved across all business lines and offices
- Employee satisfaction: 98%
- Customer satisfaction: 99%

99%

Customer Satisfaction Rating
(79% very satisfied and 20% satisfied)
Net Promoter Score +73

2nd

Best Large Workplace in the UK
(The Great Place to Work Institute)



* At year ended 31 July 2015.

COMPANY OVERVIEW

Our aim is simple – to be the leading company in our sector in terms of employee engagement, customer satisfaction and financial performance.

DELIVERING

SUPPORTING

SOURCING

Softcat is a leading provider of IT infrastructure to corporate and public sector organisations. This includes workplace technology, networking and security and data centre infrastructure as well as the services required to design, implement, support and manage these solutions either on premise, in the cloud or a combination of both.

We do not develop bespoke software applications for organisations or specialise in any industry specific, vertical application but can partner with third-party organisations for these requirements. Our focus is providing the IT infrastructure and services to keep these applications performing, highly available and secure – allowing our customers to concentrate on the systems that provide differentiation to their businesses.

Our offering is broad and customisable. We have some customers who just buy products from us, others run their full platform from Softcat's own data centres; and every combination is available between those two extremes.

We work with hundreds of different hardware and software vendors to bring the best and largest range of technology to our customers as well as a number of specialist service providers to complement the services that are provided by our in-house teams.

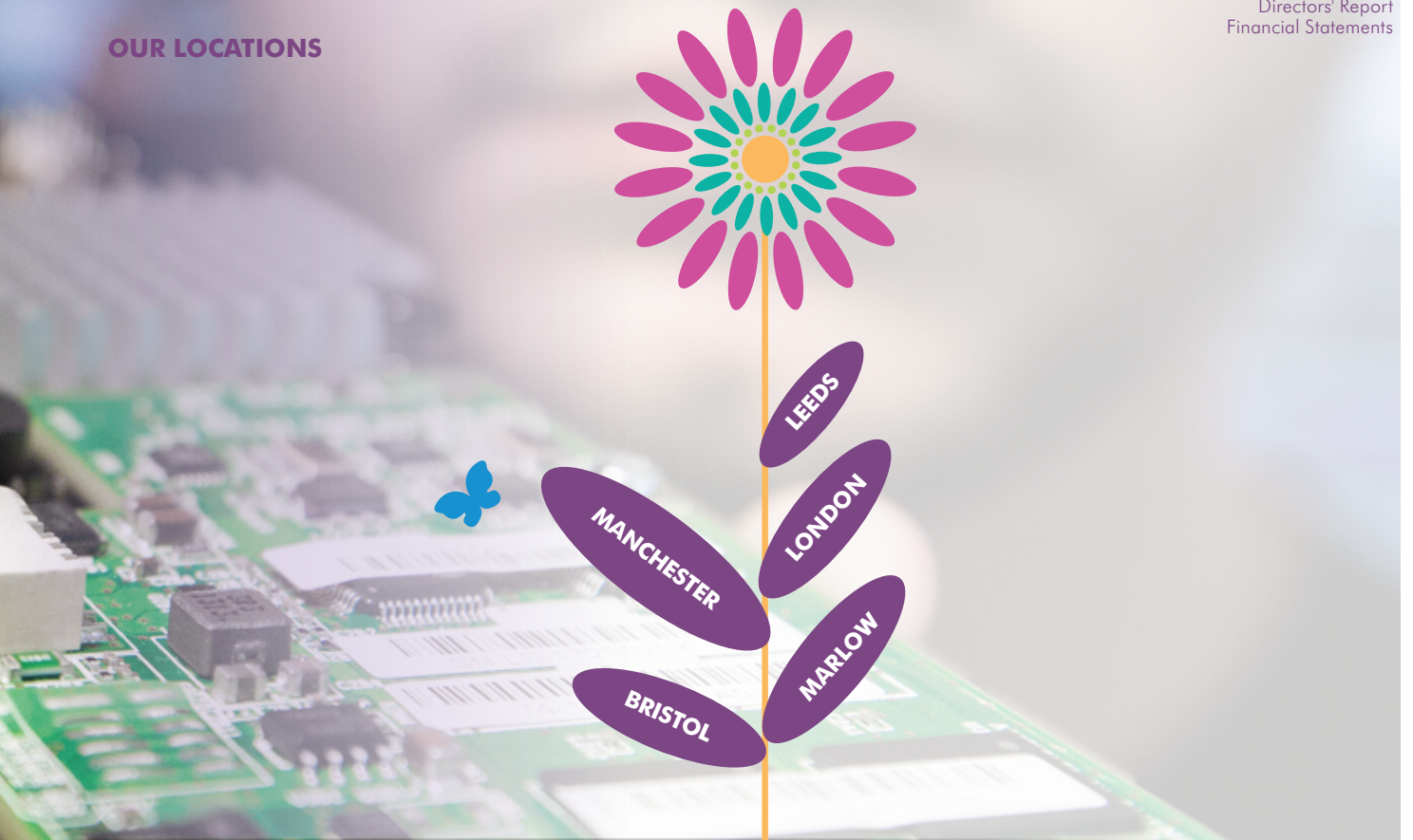
Softcat benefits from a very diverse customer base in all sectors of the market. The Company traditionally served the small to medium-sized business ('SMB') customer segment but as the Company has expanded we are pleased to be trading with a growing number of larger organisations including some of the very largest enterprise

organisations in the UK. Softcat also enjoys a growing public sector business which has been particularly successful in health, education and local government. Softcat has developed a large customer base of UK service providers through its leadership in Service Provider Licensing Agreement ('SPLA') licensing. These service provider customers are increasingly seeking to offer cloud-based solutions to their end customers and Softcat is able to offer them our infrastructure solutions.

Each customer is served by one of our over 330 account managers who are generally office based but frequently attend face to face meetings. The account manager is supported by specialists in their various fields, technical teams, sales assistants and an online portal through which approximately 25% of all customer orders are now placed.

The Company's headquarters are in Marlow, Buckinghamshire with branch offices in Manchester, London, Bristol and Leeds. Support operations run 24/7 from our Operations Centres. We also employ a number of staff from home and can service customers nationwide. Softcat predominantly trades with organisations in the UK but can also facilitate international fulfilment through its global distributor and local partner network. In addition to our offices we have two Softcat data centres located in Tier 3 third-party facilities in London and Manchester, enabling us to provide cloud and managed services to those clients who choose to consume their IT in that manner.

OUR LOCATIONS



AWARD WINNING PARTNERSHIPS



Authorised Reseller





BUSINESS MODEL

Softcat's business model is very simple. Four key interlinked fundamental pillars have determined and will continue to determine our success.

RECRUIT THE RIGHT PEOPLE

Our first pillar for success is to recruit great people with outstanding potential. To fuel and support the growth of the business, Softcat has continuously invested in bringing new talent into the organisation. Over the last six years headcount has increased from 246 to 794 reflecting a significant recruitment drive. Unlike many of our competitors, Softcat recruits most of its talent direct from university or recruits those who did not follow higher education at the early stages of their careers. Our main driver for opening regional offices has been to increase the potential catchment area for talent to join the organisation.

We work with universities across the country, hold recruitment open days every single week and see thousands of candidates each year before selecting those that are right for Softcat. More than anything, we look for exceptional people with the right attitude and the ability to play in a team. Every two months a new group of trainees joins the Company and are put through a month of intensive training. That training and development continues throughout their Softcat careers. This recruitment programme gives us a steady stream of exceptional and well trained talent to develop the business in both sales and technical disciplines.

BE A GREAT PLACE TO WORK

The second and, in our opinion, most important pillar in our business model is that we strive to be a great place to work. We have an extremely open and vibrant culture. Nobody has an office; everyone, including the executive leadership team, has a desk in the same open space. We communicate constantly within the organisation to ensure everyone knows what we are doing, why we are doing it and to ensure employee's ideas are listened to and acted upon.

People are rewarded for success and many of our long-standing employees are shareholders of the organisation. We offer lots of training and development opportunities, as well as social programmes, including incentive trips, charity events, staff parties and sports teams. In 2010 we became the Sunday Times No.1 Best Company to Work For in our category and in 2015 the Great Place to Work Institute named Softcat as the No. 2 Best Workplace in the UK (Large Category), and No. 8 in Europe. Being a great place to work was a priority for our founder, Peter Kelly, when setting up the business and this remains so for the current Board today. We also firmly believe that happy, engaged, enthusiastic and motivated staff do a great job for our customers.



PROVIDE OUTSTANDING LEVELS OF CUSTOMER SERVICE

The third pillar of our strategy is to provide truly outstanding levels of service to our customers and we believe that is a direct function of the talent we recruit, the training we give them and the level of engagement our employees have with the Company. We are proud of the Softcat offering, of the vendors we represent and of the services we provide. However, at least on paper, there is little difference between what we and a handful of other competitors do in the market. The difference lies in our people – they are highly skilled, passionate about their work and great ambassadors for Softcat. This is why we do it better. That is why we think we have been able to make market share gains in recent years. In 2015 from a sample of 1,088 customers, we recorded customer satisfaction results of 79% very satisfied (2014: 77%), 20% satisfied (2014: 22%) and recorded a world class Net Promoter Score ('NPS') of 73 (2014: 67).

With highly engaged staff and a loyal, highly satisfied customer base, we have the basic platforms required to expand the business further, which leads us on to the fourth element of our strategy.

99%

Customer Satisfaction Rating
(79% very satisfied and 20% satisfied)
Net Promoter Score +73

CONSTANTLY DEVELOP OUR OFFERING AND THE CUSTOMERS AND MARKETS WE SERVE

In simple terms our strategy is to sell more to existing customers and win new customers. Ten years ago Softcat was ostensibly a Microsoft software licensing provider to the SMB community but has been transformed since then. We have a strong track record of developing new revenue streams and becoming market leaders with them. Our success in workplace computing, data centre infrastructure, IT services, cloud, security and networking would all be good examples of that. The business mix is now resilient with no over-dependence on any single vendor, client, vertical market or offering. The business mix will evolve with the changing requirements of our customers. We are not pioneers but we are fast to move as the market evolves and quick to maximise new opportunities which constantly present themselves.

Similarly, we develop our customer base. While we have become a market leader, our market share is still low and there is plenty of opportunity in the UK market alone. We have built a strong track record of entering new markets such as the public sector market and the enterprise market and growing our position. We've also expanded our existing relationships with specific customer groups, such as service providers. New business acquisition and growth in new market segments remain a key focus of the organisation.

We believe these four simple interlinked pillars of our business – recruiting great talent, having highly engaged staff, providing outstanding customer service and constantly developing our offering and the markets we serve are the key reasons for our success and the results we produce. It is a very simple business model but our success is built on rigorous and systematic execution over a prolonged period. This model has produced excellent financial results allowing us to constantly reinvest in the business for further growth, and we believe this is sustainable well into the future.

OUR MARKETS

As demand for IT to allow companies to deliver competitive advantage has taken centre stage, so has the need for quality independent IT providers to deliver outstanding levels of service on infrastructure.



DESIGN



IMPLEMENTATION



The requirement for IT in businesses and public sector organisations is stronger than ever. IT departments strive to focus more on areas of competitive advantage and differentiation. Many wish therefore to lean increasingly on trusted partners such as Softcat to provide not only the products that together make up an organisation's infrastructure, but the design, implementation, support and management of that infrastructure whether that be on premise, in the cloud, or more likely a combination of both. By doing this, scarce internal resource can then be focused on developing IT for competitive advantage for their organisation rather than the traditional tasks of keeping the core infrastructure running.

All organisations need and will continue to need to procure IT, physically or virtually, on premise or in the cloud, and as such Softcat will continue to focus on and develop the traditional role of providing technology from the world's leading hardware and software vendors to customers. This is the reseller role and very much part of our offering. We continue to see the requirement for organisations to be able to turn to one or a small number of independent providers for these requirements.

We believe those who will succeed in this area are those who:

- can offer best advice and guidance particularly for the more complex solutions;
- consistently provide outstanding levels of customer service;
- provide a full range of complementary professional services;
- enjoy the scale to have the highest level of vendor relationships, accreditations and best commercial terms; and
- cover a broad and constantly evolving range of vendors and technologies.

As the provision of technology is increasingly linked to the provision of ongoing service, the independent provider's own solid financial standing and sustainability is of paramount importance.

A customer's infrastructure is invariably made up of best of breed component parts from many manufacturers and software publishers. We believe the role of an intermediary between the customer and the technology providers continues to play a vital role both for the customer who is looking to reduce the burden and complexities of dealing with multiple suppliers and for the vendors who do not have the customer reach, relationships or cost-effectiveness to sell to customers

directly. Web-based procurement can assist companies in this process and indeed Softcat embraces this with our eCat tool, but this does not replace the human intellectual capital required to provide complex infrastructure solutions effectively.

Infrastructure is increasingly provided from cloud based solutions and that evolving trend is expected to continue. However, it is increasingly clear that one cloud will not fit all. Different types of customers will have different requirements but we expect the 'hybrid cloud' to prevail.

Certain workloads will continue to be provided from infrastructure on-premise, perhaps in an on-premise private cloud environment; other workloads will be provided off-premise perhaps by a third-party infrastructure or services provider with a private cloud service; and other workloads will be provided from the public cloud.

The customer's challenge will be to integrate these environments and select the best platform for their needs. That challenge will include having a common management platform across these different environments, migration of data from one cloud to another, business continuity in the case of any unforeseen



SUPPORT

outages, networking and connectivity requirements in a world relying heavily on bandwidth, and most importantly of all the complex security and data integrity issues such environments will inevitably raise.

On top of these more technical issues, there are many business issues to solve such as software license compliance on multiple platforms and multiple access devices, a common and transparent billing platform to provide clarity to customers on what they have been charged for from where, and of course turning current capital investment expenditure into more flexible off balance sheet 'as a service' or utility computing expenditure.

The role of the infrastructure provider is to help customers answer these questions and provide the cloud services or a gateway to cloud services for elements of IT a customer may not wish to provide for themselves. The cloud environment, as with many technological developments, represents a significant opportunity for the infrastructure provider and in our opinion accentuates the requirement for the independent 'trusted adviser' role.

The technology market is constantly evolving and constantly presenting new opportunities. The winners in our part of the market will continually scour the technology world for the new developments, stay close to customers and the realities of the market and constantly evolve their offerings and business models to maximise the myriad of opportunities that present themselves. Whilst having attained significant scale in our market, we pride ourselves on maintaining the agility and customer intimacy of a much smaller organisation – and we believe this will enable us to stay on top of the market as it continues to develop.



OUR HISTORY

Softcat was incorporated as the Software Catalogue in 1993. 22 years later we are one of the UK's leading IT infrastructure providers with revenues approaching £600m.

DISENCHANTED WITH CORPORATE LIFE

Peter wanted to establish a company where employees felt truly valued and came to work with a smile on their faces. After creating a successful recruitment business Peter spotted an opportunity in the IT market and more specifically the software market. As the name suggests, the Company created a catalogue of software products from many of the world's most popular IT vendors and mailed it to thousands of small and medium sized businesses. The phones started ringing and the Company never looked back.

CORPORATE

COMMERCIAL



1993

Software Catalogue founded in 1993 by Peter Kelly



Company changes name to Softcat

2000

Software licensing – became Microsoft's largest mid-market reseller in the UK



Martin Hellawell, CEO joins Softcat

New corporate strategy put in place

2003

Software Asset Management



2006

Datacentre

75%+ SOFTWARE

£57M

£18M

£1.8M

LATER IN THE NINETIES,

the leading software companies introduced software licensing – the right to use software across a company rather than having to buy the physical boxed product by the unit.

This was initially aimed at the large enterprise customers. Softcat spotted an opportunity to take software licensing into the SMB sector. This fuelled the second stage of Softcat's growth and the Company became Microsoft's leading provider in this space.



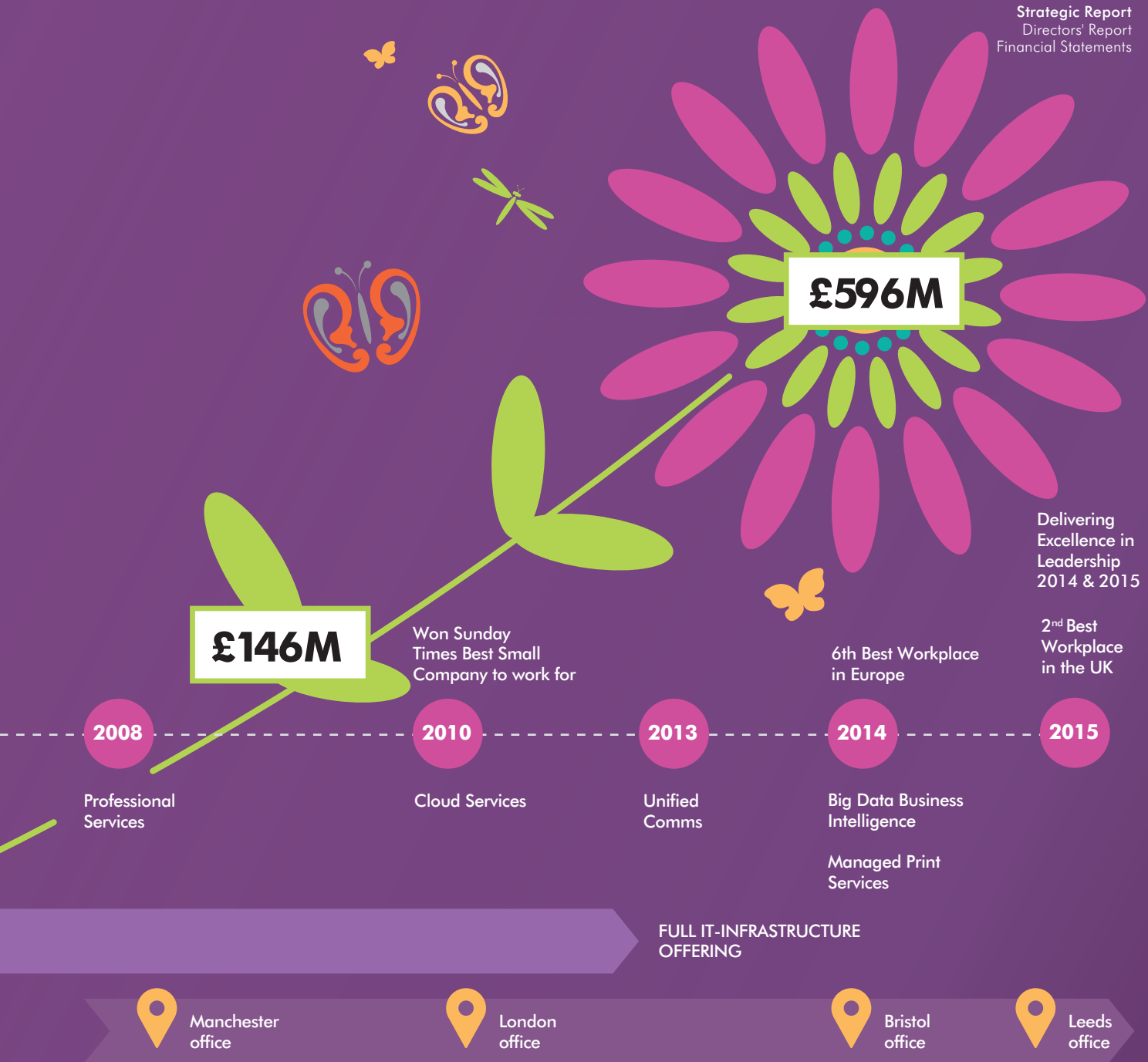
13 EMPLOYEES



52 EMPLOYEES



110 EMPLOYEES



IN 2005, THE COMPANY EXPANDED

into the security arena and then in 2006 made a strategic decision to become an all-round IT infrastructure provider and developed strong partnerships and world class know-how in the areas such as workplace technology, data centre infrastructure, IT services, networking, connectivity, unified communications, cloud computing and managed services. In parallel the Company significantly expanded its target market, successfully entering both the enterprise and public sector markets.

In the last five financial years Softcat's turnover has grown from £146m to £596m. This has been achieved entirely organically. The Company has no debt, strong cash flows and a healthy balance sheet.



CHAIRMAN'S STATEMENT

2015 has been another excellent year of progress for Softcat.



STRONG FINANCIAL PERFORMANCE

Softcat has a proud record of delivering strong and consistent growth in revenue and profitability and 2015 was no exception.

Revenue growth of 18% was built upon further market share gains with adjusted operating profit up 14% to £40.6m, reflecting a strong margin of 6.8%. The business has continued to invest in key areas of technology capability and to expand its operations with the opening of a new office in Leeds.

IPO AND GOVERNANCE

Today we have announced the Company's intention to seek a listing on the main market of the London Stock Exchange. The Softcat journey has been an exciting one for all connected to the business since its inception in 1993 and the move to become a public company represents the start of the next stage in its journey.

I was delighted to be appointed as Chairman in August 2014 in anticipation of our flotation plans. Even before then we had embarked on a programme to strengthen the governance of the Company whilst retaining its entrepreneurial spirit which we so cherish and which we believe has underpinned our success.

The depth and quality of the finance team has been progressively strengthened and internal audit capability will be created later this year. Ernst and Young were appointed as auditors in 2013.

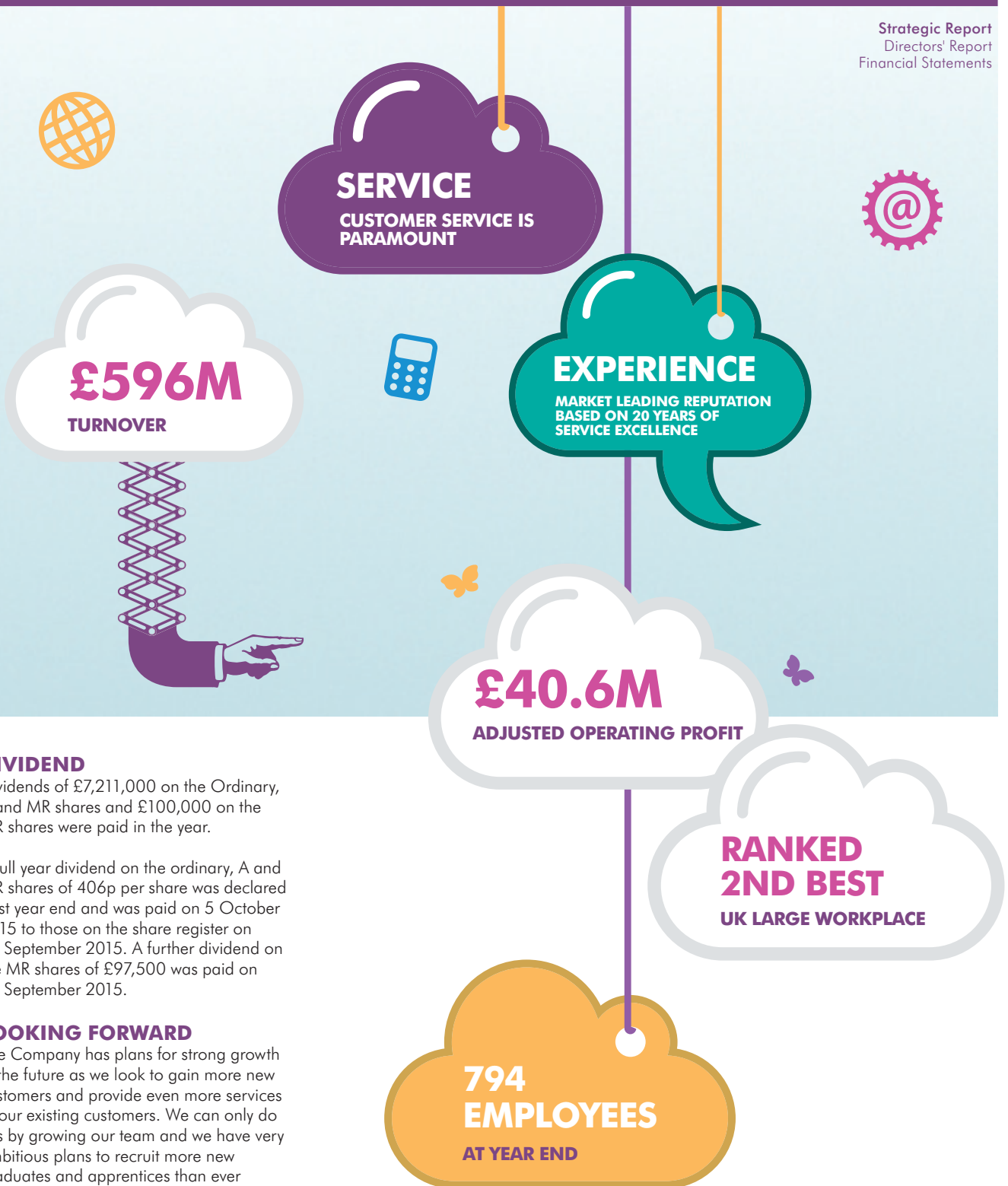
The executive leadership team of any company is critical to its success and our team is renowned for its knowledge of our sector. We have reshaped the Board in readiness for a public market listing in order to achieve the correct balance between Executive and Non-Executive Directors, with both Richard Lecoutre and Colin Brown stepping down as Directors on 19 March 2015 and 15 October 2015, respectively. Both continue to play key leadership roles. On 19 January 2015 we were delighted to appoint Graham Charlton as Chief Financial Officer and he has already made a strong contribution in a very short period of time.

We have assembled a strong group of Non-Executive Directors, with Lee Ginsberg joining us on 16 September 2015 as Senior Independent Director and Chair of the Audit Committee and Peter Ventress joining on 1 October 2015 as Director and Chair of the Remuneration Committee. Both bring a wealth of public company experience to our Board and they will provide invaluable counsel at this critical stage in its development.

As a Board we are aiming for full compliance with all aspects of the Code and, with that in mind, we are actively recruiting for a third Non-Executive.

I must also make special mention of Peter Kelly who founded the Company in his back shed in 1993 and who stepped down from his role as Non-Executive Director on 15 October 2015. While Peter has not been involved in the day-to-day running of the business for the last three years, he is a truly unique individual whose charisma, energy, vision and passion for the Softcat team combined with real entrepreneurial flair led Softcat to become the very special business it is today.

Today Softcat has more than 850 team members and, on behalf of the Board, I would like to thank them all for their commitment and contribution to the Company's success. They are the 'spirit' of Softcat which sets us apart from our competitors.



DIVIDEND

Dividends of £7,211,000 on the Ordinary, A and MR shares and £100,000 on the MR shares were paid in the year.

A full year dividend on the ordinary, A and MR shares of 406p per share was declared post year end and was paid on 5 October 2015 to those on the share register on 30 September 2015. A further dividend on the MR shares of £97,500 was paid on 30 September 2015.

LOOKING FORWARD

The Company has plans for strong growth in the future as we look to gain more new customers and provide even more services to our existing customers. We can only do this by growing our team and we have very ambitious plans to recruit more new graduates and apprentices than ever before this year and to open our first office in Scotland.

Our success has always been underpinned by a great and engaged team committed to outstanding customer service and that will remain our absolute focus.

Brian Wallace

BRIAN WALLACE
CHAIRMAN

CHIEF EXECUTIVE'S STATEMENT

Individually our employees are good.
Collectively they are fantastic.



Q. How's the year been for you?

A. Very good. It's been a lot of hard work but what's new there? I turned 50, most people said they thought I'd turned 50 a long time ago.

Q. How would you describe the Company's top line performance last year?

A. It was another strong year of growth from Softcat. Revenues leapt again from £505m to £596m, so an absolute increase of £91m which is very much in line with the kind of strong growth we have achieved in recent years. This top line organic growth of 18% compares favourably to recent results we have seen from our major competitors and we continue to make market share gains in the UK.

In 2010 the Company achieved revenues of £146m; just five years later the Company has achieved revenues of nearly £600m. All of Softcat's growth has been achieved organically.

Q. How was gross profit?

A. Gross profit grew strongly by 16% and surpassed the £100m level for the first time. While the market continued to be competitive, gross margin percentage held very steady. As anticipated, our lower margin public sector business grew faster than the corporate business, resulting in slightly lower overall gross

REVENUE

2015	596.1
2014	504.8
2013	395.8

margin in percentage terms. This was fully expected and planned for when we entered the public sector market several years ago.

Q. And operating profit?

A. Operating profit from the ongoing operations of the business (adjusted operating profit) grew by 14% to £41m and we made significant investments in future growth. Sales force recruitment continued in line with previous years and the Company has continued to invest in new talent to strengthen further our services capability. We continue to run a very lean organisation, with adjusted operating profit as a percentage of gross profit of 39.5% in the year.

Adjusted operating margin moved slightly from 7.0% to 6.8% which is largely explained by the small shift in business mix between corporate and public sector together with ongoing investment in sales and professional service capability. This remains an extremely strong performance.

As announced today, the Company is pursuing a flotation on the main market of the London Stock Exchange. Exceptional costs of approximately £1m relating to this project were incurred in the financial year. Operating profit after these exceptional costs was £40m, an 11% year-on-year increase.

Q. So overall how would you describe the Company's financial performance?

A. It was a solid year of continued progress which was very much in line with the goals we set ourselves at the beginning of the year.

Q. Does the performance of any particular areas of the business stand out?

A. I'm pleased to report that every sales team and every business line achieved growth in the year. The London and Public Sector teams stood out for strong growth as did the business lines of security and services.

Q. Tell us about one of your highlights of the year?

A. One highlight for me was the opening of our Leeds office for several reasons. New branch openings are important to us: firstly and most importantly they help us increase our catchment area for bringing new talent into the Company,



11,400
CUSTOMERS IN 2015

99%
CUSTOMER
SATISFACTION RATING

98%

Employee Satisfaction

which is our biggest challenge; secondly they help break down the size of our organisation, making sure we keep our friendly and familiar working environment and we don't get too big and ugly in any single location. And of course it helps us get closer to existing and potential customers in the area.

The creation of the Leeds office said a lot of good things about Softcat. It's being led by a super guy who joined us straight from university just five years ago and had progressed rapidly through the ranks. He came up with the idea, stuck up his hand to do it and created a team around him. I love seeing young people power forward like that and take the entrepreneurial initiative. I was equally pleased that the time between him putting forward his plan and the Company signing it off, was very quick. I love the fact that while we're now a £600m Company we can still make important decisions at lightning speed and people in the organisation are empowered to take initiative and responsibility.

Q. What other progress is being made?

A. I think we have lots of progress to make across every area of the organisation. I don't say that glibly, I look around the organisation and both the teams and I see room for improvement everywhere. That's what keeps it interesting and makes me think this organisation still has lots of future potential.

While the focus remains very much on developing the front office of the business, we have made a lot of progress in the back office this year. One of the results of that was very strong cash generation and operating profit to operating cash conversion was 132%. We're getting better at using data to really understand and help us develop our business. We've also made a lot of progress in corporate governance as we continue to transition our main Board from being a very executive driven team to a more balanced mixture of execs and non-exec.

Q. Any lowlights?

A. Always some. Our Q3 (February to April) was tough. I think some of that was due to us underestimating how strong our Q3 was the previous year due to the one-off impact of the XP migrations. So we probably set ourselves an unrealistic target of growth on top of the previous Q3 and then that

was compounded by what felt like a bit of a slow-down in spending leading up to the general election. That was a tough quarter. But having said that we still delivered double digit growth in Q3 and the team occasionally remind me I'm never satisfied! I was however delighted that we enjoyed an even stronger Q4 and the momentum really picked up again so we start the new financial year on a very positive note.

Q. How are you performing against the key goals of the organisation?

A. We have the lofty ambition of being the best in our sector in terms of employee engagement, customer satisfaction and financial performance. These statements are often difficult to quantify and measure but it's important we keep these key goals very much front of mind.

We're probably best known for employee engagement and while I think we're far from perfect and Softcat isn't for everyone, it's been another good year. Employee satisfaction ratings remain very strong with 98% of employees rating themselves either very satisfied or satisfied with Softcat as an employer and the Company being named as the No. 2 Best Workplace in the UK (Large Category) by the Great Place to Work Institute.

CHIEF EXECUTIVE'S STATEMENT CONTINUED



In terms of customer satisfaction, Softcat customers continue to vote with their business and the vast majority of our revenues and a large part of our growth once again came from our existing customers and them spending more with us. Our annual customer satisfaction survey produced the best results yet with 99% of respondents stating they were either very satisfied or satisfied and most importantly the highest rating of very satisfied reached a record 79% of customers.

In terms of financial performance, others can judge but compared to similar sized peers in our specific sector both in the UK and internationally, we think financial performance is very strong, particularly in organic growth terms.

Q. Over time are you trying to move away from being a reseller and become more of a systems integrator?

A. We are a reseller and proud of that. We like this space and we're not trying to move away from it. We set out to become the quality provider in our market space; the people known for the best customer service and real expertise in what we do, particularly in the more added value areas of technology. Combine that with a light and lean business structure, we believe we have a very sustainable model for profitable growth. We will continue to extend the depth and breadth of what we do but this is an extension around the core not a transition from it.

Others may decide to focus their business away from technology provision. That's their prerogative and it may well be right for their organisations. But for us that only creates yet more opportunity in that space.

Q. What's the sales strategy for growth moving forward?

A. It's the same as it's always been and it's very simple. Basically it has two parts: (1) sell more to existing customers and (2) win new customers. We'll only succeed with that if we provide the very best service, so the strategy is predicated on that.

We have a growing and diversified customer base but very few customers buy anything like all our offerings from us. So there is a lot more business to do in our existing customer base both with our existing offerings and the new ones we continually bring to market.

Softcat is well known for its ability to win new customers and for its new business engine. This year's been strong in terms of new account acquisition, particularly in terms of the size and quality of some of those accounts. We will continue to focus on winning new customers and expanding our existing relationships in our very established SMB sector, including among smaller businesses and service providers, and continue to penetrate further adjacent markets such as public sector and enterprise. Again,

this is about extending from the core rather than transitioning away from anything.

To maintain new business development we will continue recruiting extensively to expand the sales force and look to open further branches to help us in this effort.

While we're probably amongst the top five value-added resellers ('VARs') in the UK now, we estimate we have approximately 5% share of our addressable market. There's plenty more business to go after.

Q. How will the Softcat offering develop?

A. A lot of our future growth will come from doing more in our existing and established areas and continuing to add more depth to each of those areas notably the areas of workplace technology; networking and security; and on and off premise datacentre infrastructure.

We're adding further breadth to those offerings; newer areas which are developing positively for us include areas such as unified communications, big data and analytics, public cloud offerings and managed print. It's critical that we stay very close to our customers and evolve our offering in line with their changing requirements. What we do will be driven by what our customers need



rather than what we would like to do for them. Our capability and expertise around the technology we provide notably in the areas of consultancy and design, implementation, support and managed services will continue to be augmented and expanded.

Cloud computing in all its various flavours represents a particularly significant opportunity for us. We continue to make strong progress in providing our own hybrid cloud services, selling and supporting our partners' software as a service and public cloud offerings, and the service partner community continues to be a strong and growing part of our customer base. We have sold software on a subscription basis even before the cloud was called 'the cloud', which has made it easier for us to embrace the cloud world. We believe most customers will consume IT from a combination of on-premise infrastructure, private and public cloud. Softcat is able to provide its customers with all of those various types of infrastructure and help customers migrate, secure, manage and integrate these different environments into one transparent solution. That's a great opportunity for us.

In addition, we think there is an opportunity for a provider to bring together these various streams and to provide customers with a single,

aggregated monthly bill. Driven in part by Microsoft's recent move towards monthly-in-arrears billing with Office 365 and Azure, we are investing in a billing engine to enable us to deliver a consolidated bill for the services a customer consumes from us, from Softcat-delivered managed services, through connectivity and on to public cloud.

Q. How are you feeling about Softcat's vendor partners currently?

A. Very positively. We work very hard on our vendor relationships and strive to be the partner of choice for each of our key vendor relationships. We aim to be the most effective reseller to work with and we are extremely privileged to enjoy many outstanding relationships with our vendor partners. I'd like to take this opportunity to thank those vendors for the incredible support they give our organisation – it's critical to our success. And it feels like the IT channel continues to be very much in the ascendency. Certainly from our traditional vendor partners we very much see a direction of increasingly developing, promoting and driving business through the IT channel.

Our established vendors continue to drive their offerings forward and bring us new opportunities to take to market. In parallel we continue to keep our eyes open for exciting new entrants who

might offer something different for our customers or be the market leaders of tomorrow. We're certainly not resting on our laurels and just cranking the handle with existing relationships. Don't forget I'm old enough to remember when Novell were one of the biggest players in the market!

Q. So would you say that your vendor relationships are the biggest contributor to the Company's success?

A. No, that would be our employees. Individually they're good. Collectively they're fantastic.

Q. Softcat always has a word of the year, what's your word of the year this year?

A. Passion. Expect to see a very passionate Softcat this year.

Martin Hellawell

MARTIN HELLAWELL
CHIEF EXECUTIVE OFFICER

FINANCIAL REVIEW

Increases in both customer numbers and revenue per customer underpin a tenth consecutive year of profitable growth. The business has momentum and headroom for further expansion, together with a strong and debt-free balance sheet.



SUMMARY RESULTS AND KPIS

	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000	2015 Growth
Revenue	596,084	504,797	18%
Gross profit	102,775	88,521	16%
Gross profit margin	17.2%	17.5%	
Adjusted operating profit ¹	40,586	35,528	14%
Adjusted operating profit margin	6.8%	7.0%	
Adjusted OP as % of GP	39.5%	40.1%	
Operating profit	39,582	35,528	11%
Operating cash flow ²	52,229	43,866	19%

¹ Adjusted operating profit is stated before the impact of exceptional items and share-based payments charges.

² Operating cash flow is defined as cash generated from operations less net capital expenditure.

REVENUE AND OPERATING PROFIT

Revenue grew 18% to £596m during the year, reflecting increases in both customer numbers and average revenue per customer. This demonstrates strong progress against both key goals of our strategy to win new customers and grow existing accounts. Customer numbers grew largely through the efforts of new sales staff recruited in the last two years, while revenue per customer gains are typically driven by the maturity of relationships held by more experienced members of the sales team.

These results are a continuation of a long track record of success for Softcat. Growth across revenue, gross and operating profit was evident in all four quarters of the financial year, extending an unbroken run of year-on-year growth to 40 consecutive

quarters. This is despite strong comparative figures during the third quarter due to additional activity in that period of 2014 from Windows XP end of life transition.

Also key to the strong results is our ability to provide customers with a full range of IT solutions. This is reflected in the balance and diversity of our revenue mix between software, hardware and services. Service revenue includes three elements: services provided to customers by in-house Softcat resource, reselling of packaged third party services (e.g. vendor care packs), and services provided to Softcat customers under framework agreements by sub-contracted third parties.

Gross margin was strong by industry standards but declined as planned in relative terms against prior year largely due to business mix.

2015 was another year of significant expansion, with average employee numbers growing 20% to 722 (with year-end headcount at 794). This reflects our continued investment in front-line sales people, supporting specialists and professional service capability.

Our ability to grow the sales team has been augmented by the opening of a new office in each of the last two financial years. Our Leeds branch opened in February 2015 following the establishment of a Bristol office in January 2014. This brings the number of branches for the business up to five, providing greater capacity and reach for recruitment activities which we expect to underpin future growth.

In addition, we have continued with a programme of professionalisation of the back-office functions and have developed more robust governance processes.

The above investments have been accommodated with largely unchanged operating efficiency. Conversion of gross profit to adjusted operating profit during the year was 39.5% (2014: 40.1%). The slight reduction reflects the exceptionally strong FY14 results, driven by one-off activity attributed to Windows XP end of life.

£596.1M
REVENUE

14%
ADJUSTED OPERATING
PROFIT GROWTH

132%
OPERATING CASH
CONVERSION

EXCEPTIONAL ITEMS

Adjusted operating profit is stated before the impact of £1m of exceptional items which relate to professional services and other expenditure in connection with our potential main market listing. Further such costs will be incurred in FY16.

TAXATION

The effective tax rate for 2015 was 21.8% (2014: 23.2%). The reduction reflects the decrease in the standard rate of UK corporation tax from 22.33% to 20.67%. The Company has a net deferred tax asset carried forward of £678k at the balance sheet date, mainly in respect of further share-based payment reliefs which will be applied to future periods.

BALANCE SHEET

The Company's balance sheet mirrors the business' operations – simple and uncomplicated. Non-current assets comprise just 4% of total assets and are mostly tangible. Apart from items in transit at year end we hold virtually no stock, and the aging of our debtors is as low as it has ever been.

CASH POSITION

Cash flow was exceptionally strong during the year due to further efforts to streamline working capital balances and improve processes around payments and collections. Debtor days improved from 48 to 46 and operating profit to operating cash conversion rate (measured before taxation but after net capital expenditure) was very strong at 132% (2014: 123%). This rate of improvement in working capital is not expected to be replicated going forward, although we do aim to maintain cash conversion in the range of 85%–95%.

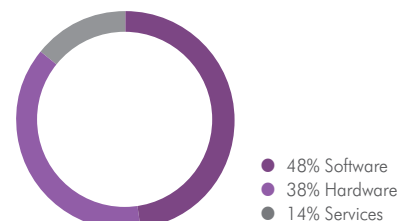
The Company remains debt-free and had a year-end bank and cash balance of £75m.

DIVIDEND

Dividends of £7,211,000 on the Ordinary, A and MR shares and £100,000 on the MR shares were paid in the year.

A full year dividend on the ordinary, A and MR shares of 406p per share was declared post year end and was paid on 5 October 2015 to those on the share register on 30 September 2015. A further dividend on the MR shares of £97,500 was paid on 30 September 2015.

Percent of total Revenue



GRAHAM CHARLTON
CHIEF FINANCIAL OFFICER

CORPORATE SOCIAL RESPONSIBILITY

We take our social responsibility seriously particularly in the areas of charitable activity, looking after our employees and in minimising our environmental impact.



CHARITIES

In 2007 we started our charity team in Softcat. The aim was to raise money for a number of worthy causes chosen by our staff, and where possible for causes our staff were already directly involved in or affected by. We aimed and continue to aim to do this by getting as many staff involved as possible, as well as customers and suppliers, in order to fulfil what we think is our corporate responsibility. We feel it is important to promote awareness of hardship and worthy causes and to show how individuals and teams may come together to do something fantastic for the greater good.

The primary purpose has been to help raise money and provide assistance for charities which has resulted in over £1.2m raised since the beginning of the programme, and £200k alone in financial year 2015, through both employee and Company initiatives. The Company has also benefited enormously from the programme as this has helped to increase staff engagement, employee satisfaction and staff development through the multitude of activities employees run, encouraged and supported by the Company.

Charities large and small, local and national, have benefited from this fundraising to date, including Dreams Come True, Cancer Research UK, Tuberos Sclerosis Association, Wooden Spoon Cancer Care Unit, Helen & Douglas House, Harry Mills Trust, EducAID Africa and Save the Children – Haiti.

Alongside this, we support focus events from organisations such as Comic Relief for whom we have acted as a contact centre for the last two years on top of our own fundraising activities for the cause. These events are great fun in and of themselves as well as helping those less fortunate than ourselves.

ENVIRONMENTAL ACTIVITY

Softcat is not a manufacturer of product and as a services-based organisation our carbon footprint is limited. However, we take our environmental responsibility seriously and try to contribute positively wherever possible across the business. In our business, this means doing lots of small things and setting an example to employees. We run an active company 'Green Team' made up of environmentally conscious employees across the organisation and chaired by our CEO, Martin Hellawell.

The Company reduces power consumption by using technology to automatically power down all devices when not in use. Power consumption was key in our decision to use thin clients as our standard desktop devices and to use LED lighting in our offices. Recycling of waste including paper, plastics and cans is implemented and enforced in all our working environments. We even recycle the thousands of tea bags used in our offices each month to create compost on site, which is then available to employees to purchase for a nominal charitable donation.

SOFTCAT IN THE COMMUNITY

As well as our charitable activities, Softcat endeavours to play a positive and active role in the local communities where we operate. This takes the form of helping several local sports teams and associations, providing volunteers for a number of activities and events and supporting bodies like the local Chamber of Commerce.



LOOKING AFTER OUR EMPLOYEES

Softcat strives to provide a highly supportive environment for our most important assets – our employees – and try to provide the very best in employee welfare. We provide excellent training and development opportunities, strong feedback mechanisms to employees on their performance and a strong feedback process between employees and the organisation. Regular face to face communication between the organisation and its employees is seen as paramount and includes a weekly all-company meeting. The Company provides a wide range of benefits including weekly on-site visits by a doctor and access to a plethora of Softcat sporting and social activities. If any member of the Softcat team or their immediate family faces personal difficulties, Softcat looks to support them in any way we can.



BOARD OF DIRECTORS



Over the last year Softcat has evolved its Board significantly in line with modern corporate governance. The Company now has a more streamlined Board with a stronger balance between Executive and Non-Executive positions. The Company intends to add a further experienced Non-Executive Director to its Board to complete this process.



BRIAN WALLACE CHAIRMAN

Brian was appointed Chairman of Softcat on 1 August 2014 having joined the Board as a Non-Executive Director in November 2011. He is also Chairman of Travelodge and a Non-Executive Director of Firstgroup plc. He has previously held executive board positions with a number of FTSE 100 and FTSE 250 companies, most recently as Group Finance Director of Ladbrokes plc. Prior to rejoining Ladbrokes, he was Group Finance Director and Deputy Chief Executive of Hilton Group plc. A Chartered Accountant, he began his career at Price Waterhouse and went on to perform senior finance roles at Geest, APV and Schlumberger. He previously served as a Non-Executive Director at Scottish and Newcastle plc, Hays plc, Camelot Entertainments plc and Miller Group.



LEE GINSBERG SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Lee Ginsberg joined Softcat in September 2015 as Senior Independent Non-Executive Director and Chairman of the Audit Committee. He is a Chartered Accountant by profession and was previously Chief Financial Officer of Domino's Pizza Group plc. Lee joined Domino's Pizza in 2004 and retired in April 2014. Prior to his role at Domino's Pizza Group plc, Lee held the post of Group Finance Director at Health Club Holdings Limited, formerly Holmes Place plc, where he also served for 18 months as Deputy Chief Executive.

Lee is a Non-Executive Director and Chairman of the Audit and Risk Committee of Mothercare plc and is a Non-Executive Director and Chairman of the Audit and Risk Committee of Trinity Mirror plc. Lee is also the Non-Executive Deputy Chairman, Senior Independent Director and Chairman of the Audit Committee of Patisserie Valerie Holdings plc and recently joined the Board of On The Beach plc as a Non-Executive Director and Senior Independent Director and Chairman of the Audit Committee.



PETER VENTRESS INDEPENDENT NON-EXECUTIVE DIRECTOR

Peter was appointed to the Board of Softcat in October 2015. Most recently from 2009 till 2015 he was Chief Executive Officer of Berendsen, a £1.8bn market cap FTSE 250 business specialising in outsourcing of textile rental products with major contracts across the NHS, large hotel groups and many SME businesses across Europe. Prior to this Peter has worked in senior executive roles with Staples where he was International President, looking after all of Staples' business outside the USA, including Europe, Australia, China, India and South America. He was previously Chief Executive Officer of Corporate Express, a Dutch public company with operations across the world and a turnover of around €7bn.

Peter is currently Deputy Chairman of Galliford Try, the FTSE 250 construction company and a Non-Executive Director at Premier Farnell, a FTSE 250 electronic components distributor. As well as his commercial interests Peter has roles in Education as a Foundation Director of a multi-academy schools trust in Kent and as a school governor in South London.



MARTIN HELLAWELL
CHIEF EXECUTIVE OFFICER

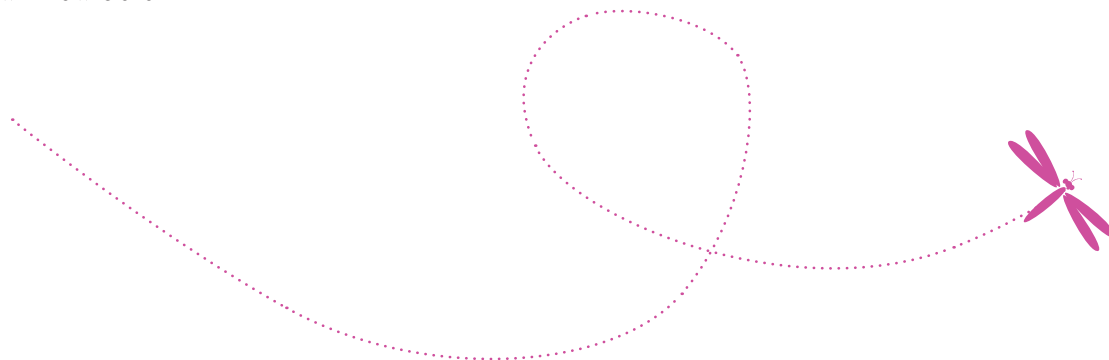
Martin joined Softcat in 2006 as Managing Director. During his tenure, Softcat has grown from approximately £50m to approaching £600m turnover. Martin graduated from Lancaster University with a degree in Management and French and began his career in the IT industry with Miles 33. During his 13 year tenure at Computacenter, Martin was responsible for the marketing function, ran the French subsidiary and led acquisitions in the UK, Belgium and Germany. He was part of the flotation team, ran operations, chaired the Company's international joint venture ICG and was Chief Operating Officer of the dot com off-shoot Biomni. Martin has also worked for SCC and for Canalys as an independent consultant. Martin lives in North London with his wife and three children.



GRAHAM CHARLTON
CHIEF FINANCIAL OFFICER

Graham joined Softcat in January 2015 as Chief Financial Officer. Previously, he spent four years as Finance Director at comparethemarket.com, one year as Finance Director at See Tickets and prior to that five years in various senior finance roles at Experian plc, including as Finance Director for the Decision Analytics division across UK & EMEA.

Graham is a Chartered Accountant and began his career with Andersen after graduating with an MA in Natural Sciences from King's College, Cambridge University. Graham is married and lives in Buckinghamshire with his wife and two children.



STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are broadly grouped as – financial instruments, liquidity, interest rate and credit risk.

Financial instruments

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 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. All of the Company's cash reserves are either held in instant access accounts or as cash in hand. The Company does not enter into any derivatives transactions.

Interest rate risk

The Company does not have any borrowings and therefore the only interest rate risk it is exposed to is rates received on deposits. The Company accepts the risk of losing interest on deposits due to interest rate reductions.

Credit risk

The Company operates the following processes to manage its credit risk exposure:

- performing credit checks on all new accounts before shipping goods
- applying appropriate credit limits to all accounts
- periodic reviews of all debtor balances, ensuring balances do not fall outside of agreed terms; and
- insuring all debts through a reputable credit insurer

This Strategic Report is approved by the Board of Directors and signed on behalf of the Board.



MARTIN HELLOWELL
CHIEF EXECUTIVE OFFICER

19 October 2015

DIRECTORS' REPORT

The Directors present their report for the year ended 31 July 2015.

Directors of the Company

The following Directors have held office since 1 August 2014:

P D J Kelly	(resigned 15 October 2015)
M J Hellawell	
B Wallace	
C W Brown	(resigned 15 October 2015)
R A Lecoutre	(resigned 19 March 2015)
G L Charlton	(appointed 19 March 2015)
L Ginsberg	(appointed 16 September 2015)
P Ventress	(appointed 1 October 2015)

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 discussed in the Strategic Report, they also regard the following as important:

Staff numbers, retention and recruitment

Staff retention rates are monitored on a monthly basis against recruitment plans. The Company has continued to invest heavily in sales recruitment and has complemented this by strengthening all support functions to provide a platform for further growth. Overall staff numbers increased from 673 on 31 July 2014 to 794 on 31 July 2015.

Customer satisfaction

The Company requests feedback from its customers on service levels and overall customer satisfaction and conducts a formal annual survey to measure formally customer satisfaction. In this year's extensive annual customer survey conducted in July 2015, 99% of customers surveyed were either satisfied or very satisfied with Softcat as a company to do business with. Within that collective group we saw a 2% shift upwards of those that were satisfied to very satisfied, with this latter category now accounting for over 79% of our customers. Below is a brief summary of the results of the latest survey of 1,088 customers:

Very satisfied 79.1% (2014: 77.1%), satisfied 20.0% (2014: 21.9%), dissatisfied 0.4% (2014: 0.7%), and very dissatisfied 0.5% (2014: 0.3%).

Debtor days

Debtor days are regularly monitored and the extension of credit to customers, on agreed terms, is subject to ongoing review by management. As at 31 July 2015, debtor days were 46 days (2014: 48 days).

Results and dividends

The results for the year are set out on page 26.

Dividends of £7,211,000 on the Ordinary, A and MR shares and £100,000 on the MR shares were paid in the year.

A full year dividend on the ordinary, A and MR shares of 406p per share was declared post year end and was paid on 5 October 2015 to those on the share register on 30 September 2015. A further dividend on the MR Shares of £97,500 was paid on 30 September 2015.

Future developments

The Company will continue its unwavering focus on the things that have been central to its sustained growth; industry leading customer service and employee satisfaction. The Company will remain focused on further investment in its people in order to continue to improve the quality of service provided to its existing corporate and public sector customers and develop further our offering to win new accounts from our competitors. Achieving total customer satisfaction through service excellence remains the key goal.

To help enable further sustained growth, the Company will continue to seek opportunities to expand into new regional offices.

Charitable donations

	2015 £'000	2014 £'000
During the year the Company made the following payments:		
Charitable donations	217	176

The recipients and amounts of the charitable donations are as follows:

Dreams Come True	£141,256
Cancer Research	£10,000
Children in Need	£7,003
Other charities	£58,843

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Financial Instruments

The financial risk management objectives and policies with respect to financial instruments are described in the Strategic Report on pages 1 to 22.

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, but not limited to, team briefings, Company days, email and intranet. At team meetings, managers are responsible for ensuring that information sharing, discussion and feedback take place on a regular basis. As a result of these meetings management can communicate the financial and economic factors affecting the Company and ensure that the views of employees are taken into account in Company decisions which are likely to affect their interests.

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 to enable them to work for the Company and maximise their contribution and performance. 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 is responsible for setting policies on Directors' remuneration and for determining their individual remuneration packages. The main elements of a Director's remuneration package are basic salary and benefits, pension arrangements, annual bonus plans and long-term share-based incentive plans that are aligned to the success of the Company.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position and its financial risk management objectives, as well as details of its financial instruments and its exposure to interest, credit and liquidity risk are described in the Strategic Report on pages 1 to 22.

The Company has considerable financial resources together with a significant number of customers, across different industries, with which the Company has strong relationships and enjoys consistent repeat business. In addition, the Company has an increasing number of long-standing, deep relationships with many suppliers which diversify supply chain risk. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

Auditor

In accordance with the Company's articles, a resolution proposing the reappointment of Ernst & Young LLP as auditor of the Company has been passed at a General Meeting.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 International Financial Reporting Standards ('IFRS') as adopted by the European Union. 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:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRS, as adopted by the European Union, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether the Company financial statements have been prepared in accordance with IFRS, as adopted by the European Union; and
- make an assessment of the Company's ability to continue as a going concern.

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 and Article 4 of the IAS regulation. 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 dissemination of financial statements may differ from legislation in other jurisdictions.

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.

Approved by the Board of Directors and signed on behalf of the Board.



GRAHAM CHARLTON
CHIEF FINANCIAL OFFICER
19 October 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOFTCAT LIMITED

We have audited the financial statements of Softcat Limited for the year ended 31 July 2015 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 24, 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

KARL HAVERS (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF ERNST & YOUNG LLP,
STATUTORY AUDITOR

London

19 October 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £'000	2014 £'000
Revenue	2	596,084	504,797
Cost of sales		(493,309)	(416,276)
Gross profit		102,775	88,521
Administrative expenses		(63,193)	(52,993)
Operating profit	3	39,582	35,528
Adjusted operating profit		40,586	35,528
Exceptional costs	3	(999)	–
Share-based payments charge	23	(5)	–
Finance income	4	195	102
Profit before tax		39,777	35,630
Income tax expense	5	(8,660)	(8,278)
Profit for the year		31,117	27,352
Other comprehensive income net of tax		–	–
Total comprehensive income for the year net of tax		31,117	27,352
Profit attributable to:			
Owners of the Company		31,117	27,352

The statement of profit or loss and other comprehensive income has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Property, plant and equipment	7	6,997	6,607
Intangible assets	8	458	523
Investment in subsidiaries	9	–	–
Deferred tax asset	14	678	535
		8,133	7,665
Current assets			
Inventories	10	2,652	4,481
Trade and other receivables	11	121,952	100,195
Cash at bank and in hand	13	74,642	37,720
		199,246	142,396
Total assets		207,379	150,061
Current liabilities			
Trade and other payables	12	(108,053)	(74,503)
Income tax payable		(3,510)	(3,259)
		(111,563)	(77,762)
Net assets		95,816	72,299
Equity			
Issued share capital	16	98	95
Share premium account		3,942	2,865
Other reserves		(3,994)	(1,469)
Retained earnings		95,770	70,808
Total equity		95,816	72,299

These financial statements were approved by the Board of Directors and authorised for issue on 19 October 2015.

On behalf of the Board.



MARTIN HELLAWELL
CHIEF EXECUTIVE OFFICER



GRAHAM CHARLTON
CHIEF FINANCIAL OFFICER

Softcat Limited Company Registration Number: 02174990

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2015

Equity attributable to owners of the Company

	Share capital £'000	Share premium account £'000	Reserve for own shares £'000	Retained earnings £'000	Total £'000
Balance as at 1 August 2014	95	2,865	(1,469)	70,808	72,299
Total comprehensive income for the period	–	–	–	31,117	31,117
Share-based payment transactions	–	–	–	5	5
Dividends paid	–	–	–	(7,298)	(7,298)
Shares issued in year	3	1,077	–	–	1,080
Tax adjustments	–	–	–	1,234	1,234
Own share movement during the year	–	–	(2,525)	(96)	(2,621)
Balance at 31 July 2015	98	3,942	(3,994)	95,770	95,816
Balance as at 1 August 2013	65	1,520	(1,437)	48,235	48,383
Total comprehensive income for the period	–	–	–	27,352	27,352
Share-based payment transactions	–	–	–	–	–
Dividends paid	–	–	–	(4,779)	(4,779)
Shares issued in year	30	1,345	–	–	1,375
Own share movement during the year	–	–	(32)	–	(32)
Balance at 31 July 2014	95	2,865	(1,469)	70,808	72,299

The reserve for own shares relates to ordinary shares owned by an Employee Benefit Trust. During the year ended 31 July 2015, 275,219 share options (2014: 44,000) were exercised. Proceeds of £1,038,749 (2014: £159,362) were realised from the exercise of these share options.

As at 31 July 2015, the Employee Benefit Trust owned 126,926 ordinary shares (2014: 8,061).

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £'000	2014 £'000
Net cash generated from operating activities	17	47,411	35,673
Investing activities			
Finance income	4	195	102
Purchase of property, plant and equipment	7	(2,217)	(1,822)
Purchase of intangible assets	8	(288)	(330)
Proceeds from asset disposals		4	–
Net cash used in investing activities		(2,306)	(2,050)
Financing activities			
Issue of share capital		977	174
Deferred purchase share proceeds		676	–
Dividends paid	6	(7,311)	(4,766)
Own share transactions	16	(2,525)	13
Net cash used in financing activities		(8,183)	(4,579)
Net Increase in cash and cash equivalents		36,922	29,044
Cash and cash equivalents at beginning of year	13	37,720	8,676
Cash and cash equivalents at end of year	13	74,642	37,720

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

1 Accounting policies

1.1 Corporate information

The financial statements of Softcat Limited for the year ended 31 July 2015 were authorised for issue in accordance with a resolution of the Directors on 19 October 2015. Softcat Limited is a private limited company incorporated and domiciled in the United Kingdom. The registered office is Solar House, Fieldhouse Lane, Marlow, Buckinghamshire in the United Kingdom.

The principal activity of the Company continued to be that of a value-added IT reseller and IT infrastructure solutions provider to the corporate and public sector markets.

1.2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and as adopted by the EU ('Adopted IFRS') and the International Financial Reporting Interpretations Committee ('IFRIC') interpretations and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These financial statements have been prepared under the historical cost convention and are presented in the Company's presentational and functional currency of Pounds Sterling ('£').

The Company applied all standards and interpretations issued by the IASB that were effective as of 31 July 2015. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.3 Adoption of new and revised standards

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IAS 32 (Amendment) – Offsetting Financial Assets and Financial Liabilities
- IAS 36 (Amendment) – Recoverable Amount Disclosures for Non-financial Assets
- Annual Improvements (2010–2012 Cycle)
- Annual Improvements (2011–2013 Cycle)
- Annual Improvements (2012–2014 Cycle)
- IAS 16 and IAS 38 (Amendment) – Clarification of Acceptable Methods of Depreciation and Amortisation
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 9 – Financial Instruments

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company, except for:

- IFRS 9 Financial Instruments – This will introduce a number of changes in the presentation of financial instruments.
- IFRS 15 Revenue from Contracts with Customers – This will introduce additional disclosures within the notes to the accounts.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

1.4 Revenue recognition

Revenue from the sale of goods is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

The Company sells hardware and software that is sourced from and delivered by a number of suppliers. Revenue from the sale of these goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

The Company has primary responsibility for the acceptability of goods sold, is exposed to inventory risk during the delivery period, establishes the selling price itself and bears the customer's credit risk. It is therefore considered to be acting as principal in these sales and revenue is measured using the price charged to the customer, excluding sales tax.

Provision of services

The Company also provides data centre, cloud and software services. Revenue in respect of these services is recognised when the service has been satisfactorily completed or in line with the stage of completed work. It is measured at either the sales prices, excluding sales taxes, or by reference to the costs incurred as a proportion of the total estimated costs of the contract.

In addition, the Company sells services provided by third parties. Revenue for services provided by third parties is recognised at the point of sale to the customer, as the Company has no ongoing obligations. The Company establishes the selling price and is exposed to customer credit risk on this revenue and therefore considers itself to be acting as principal, measuring revenue as the price charged to the customer, excluding sales tax.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate ('EIR') applicable. EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

1.5 Rebates

Rebates from suppliers are accounted for in the period in which they are earned and are based on commercial agreements with suppliers. Rebates earned are mainly sales volume related and are generally short term in nature, with rebate earned but not yet received typically relating to the preceding quarters' trading. Rebate income is recognised in cost of sales in the Statement of Profit or Loss and Other Comprehensive Income and rebate earned but not yet received is included within accrued income in the Statement of Financial Position.

1.6 Property plant and equipment

Property plant and equipment other than freehold land is stated at cost, net of accumulated depreciation and/or impairment losses, if any. If the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. 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	remaining period of lease – 10 years straight line
Computer equipment	3–5 years straight line
Fixtures, fittings and equipment	6 years straight line
Motor vehicles	3 years straight line

Land is not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement when the asset is derecognised.

Building improvements relate to expenditure on improving both leasehold property and the freehold property of Solar House in Marlow. Improvements to Solar House are depreciated over a ten year period, which represent their useful life. Leasehold improvements are depreciated over their useful life which is the lesser of the remaining length of the lease or ten years.

The residual values, useful lives and methods of depreciation are reviewed for reasonableness at each financial year end and adjusted for prospectively if appropriate.

1.7 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is provided for at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Computer software	3–5 years straight line
-------------------	-------------------------

The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

1 Accounting policies continued

1.8 Leases

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term, even if payments are not made on such a basis. Onerous property leases are provided for in the Statement of Financial Position and represent the present value of the onerous element of an operating lease. This arises when the Company ceases to use premises and they are left vacant to the end of the lease.

1.9 Investments

Investments in subsidiaries are stated at cost less provision for diminution in value.

1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Inventories are predominantly goods in transit and items for which a customer purchase order has been received but the goods have yet to be delivered to the customer.

1.11 Cash at bank and in hand

Cash and cash equivalents comprise cash at bank and in hand, call deposits and bank overdrafts.

1.12 Pensions

The pension costs charged in the financial statements represent the contributions payable by the Company during the year on the defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amounts charged to the income statement represent the contributions payable to the scheme in respect of the accounting period and represents the full extent of the Company's liability.

1.13 Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities.

1.14 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Pounds 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 the income statement.

1.15 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 income statement with a corresponding increase in equity. The fair value of the options is estimated at the date of grant using the Black-Scholes Model and is charged as an expense in the income statement 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. The Company recognises the assets and liabilities of the trust as its own until such assets held vest unconditionally with identified beneficiaries. The Company meets all costs incurred by the trust.

1.16 Group accounts

These 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 and their aggregate capital and reserves are negligible. On the basis that the benefits of providing consolidated financial statements as opposed to Company financial statements would be immaterial to the users of these financial statements the Company has not presented consolidated financial statements. Further details of this dormant subsidiary are provided in note 9.

1.17 Exceptional costs

Items that are material in size and unusual in nature are included within operating profit and disclosed separately in the income statement. The separate reporting of these items helps to provide a more accurate indication of the underlying business performance.

2 Revenue

The total revenue for the Company for the year has been derived from its principal activity as an IT reseller. Substantially all of this revenue relates to trading undertaken in the United Kingdom.

3 Operating profit

	2015 £'000	2014 £'000
Operating profit is stated after charging;		
Depreciation of tangible assets	1,794	1,565
Amortisation of intangible assets	353	213
Operating lease rentals	501	398
Foreign exchange loss	234	157
Exceptional items	999	–
Auditor's remuneration		
Fees payable for the audit of the Company's annual accounts	45	51
Total for statutory audit services	45	51
Taxation advisory services	5	9
Other non-audit services	242	85
Total for non-audit services	247	94

Other non-audit services primarily represent professional fees for a planned initial public offering.

4 Finance Income

	2015 £'000	2014 £'000
Bank interest	195	102

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

5 Income tax

The major components of income tax expense for the years ended 31 July 2015 and 31 July 2014 are:

	2015 £'000	2014 £'000
Statement of profit and loss:		
Current income tax charge in the year	8,970	8,130
Adjustment in respect of current income tax in previous years	(6)	–
Total current income tax charge	8,964	8,130
Deferred tax		
Relating to origination and reversal of temporary differences	(304)	148
Deferred tax charge	(304)	148
Total tax charge	8,660	8,278

Reconciliation of total tax charge

Reconciliation of tax expense and accounting profit multiplied by the Company's domestic tax rate for 2015 and 2014:

Profit on ordinary activities before taxation	39,777	35,630
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.67% (2014: 22.33%)	8,220	7,957
Effects of;		
Non-deductible expenses	313	209
Adjustment to previous periods	(6)	–
Stock option differences	158	(48)
Deferred tax prior year adjustment	(34)	3
Deferred tax rate changes	9	156
	440	321
Income tax charge reported in the profit or loss	8,660	8,278

Changes affecting the future tax charge

In the FY15 Summer Budget the Chancellor announced a further reduction to the corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These rates were not substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date and therefore these have been measured at 20%.

6 Dividends

	2015 £'000	2014 £'000
Declared and paid during the year:		
Ordinary dividend on ordinary shares	6,622	3,565
Ordinary dividend on 'MR' shares	240	675
Ordinary dividend on 'A' ordinary shares	449	539
	7,311	4,779
Adjustment in respect of prior period	(13)	–
	7,298	4,779

7 Property, plant and equipment

	Freehold buildings £'000	Building improvements £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor Vehicles £'000	Total £'000
Cost						
At 31 July 2014	2,649	1,465	4,839	824	180	9,957
Additions	–	283	1,700	166	68	2,217
Disposals	–	(20)	–	(45)	(14)	(79)
At 31 July 2015	2,649	1,728	6,539	945	234	12,095
Depreciation						
At 31 July 2014	50	237	2,613	334	116	3,350
On disposals	–	(4)	–	(28)	(14)	(46)
Charge for the year	25	168	1,412	148	41	1,794
At 31 July 2015	75	401	4,025	454	143	5,098
Net book value						
At 31 July 2015	2,574	1,327	2,514	491	91	6,997
At 31 July 2014	2,599	1,228	2,226	490	64	6,607

8 Intangible assets

	Computer Software £'000
Cost	
At 31 July 2014	888
Additions	288
At 31 July 2015	1,176
Amortisation	
At 31 July 2014	365
Charge for the year	353
At 31 July 2015	718
Net book value	
At 31 July 2015	458
At 31 July 2014	523

The amortisation of intangible assets is included in administrative expenses within the income statement. See note 3.
Intangible assets, consisting entirely of non-integral computer software assets, are amortised over their estimated useful lives of 3–5 years.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

9 Investments in subsidiaries

	Shares in subsidiary undertakings £
Cost and Net book value	
At 31 July 2015	–
At 31 July 2014	2

On 9 September 2014 confirmation was received that Software Licensing Limited, whose shares were 100% owned by Softcat Limited, had been dissolved. Software Licensing Limited remained dormant until the date of dissolution.

10 Inventories

	2015 £'000	2014 £'000
Finished goods and goods for resale	2,652	4,481

The amount of any write down of inventory recognised as an expense in the year was £nil (2014: £nil).

11 Trade and other receivables

	2015 £'000	2014 £'000
Trade and other receivables	112,943	93,640
Provision against receivables	(1,008)	(1,674)
Net trade receivables	111,935	91,966
Called up share capital not paid	1,783	2,457
Other debtors	49	70
Prepayments	3,785	2,250
Accrued income	4,400	3,452
	121,952	100,195

Trade receivables do not carry interest. The average credit period on sale of goods is 46 days (2014: 48 days).

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The ageing profile of trade receivables was as follows:

	2015 £'000	Related provision £'000	Net £'000	2014 £'000	Related provision £'000	Net £'000
Current	74,892	(187)	74,705	55,986	(545)	55,441
1–30 days	30,236	(76)	30,160	26,829	(268)	26,561
31–60 days	4,046	(38)	4,008	5,456	(57)	5,399
61–90 days	2,057	(9)	2,048	4,486	(145)	4,341
Over 90 days	1,712	(698)	1,014	883	(659)	224
Total due	112,943	(1,008)	111,935	93,640	(1,674)	91,966

The Company provides against trade receivables where there are serious doubts as to future recoverability based on prior experience, on assessment of the current economic climate and on the length of time that the receivable has been overdue.

Movement in the provision for trade receivables was as follows:

	2015 £'000	2014 £'000
Balance at beginning of year	1,674	1,554
Increase for trade receivables regarded as potentially uncollectable	472	1,265
Decrease in provision for trade receivables recovered, or written off, during the year	(1,138)	(1,145)
Balance at end of year	1,008	1,674

See note 19 for details on how the Company approaches its exposure to credit risk.

The Company does not hold collateral as security.

12 Trade and other payables

	2015 £'000	2014 £'000
Trade payables	71,213	48,082
Other taxes and social security	9,209	5,650
Accruals	23,361	17,805
Deferred income	4,270	2,966
	108,053	74,503

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The average credit period taken for trade purchases is 35 days (2014: 30 days).

13 Cash at bank and in hand

	2015 £'000	2014 £'000
Cash at bank and in hand	74,642	37,720

Cash and cash equivalents comprise cash at bank and cash in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates. All cash held is accessible and is not restricted for any period of time.

14 Deferred tax

The deferred tax asset is made up as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	90	104
Share-based payments	(625)	(480)
Other timing differences	(143)	(159)
Net deferred tax assets	(678)	(535)

Reconciliation of deferred tax asset

	£'000
Balance as at 31 July 2014	(535)
Profit and loss account	(304)
Charge to equity	161
Balance as at 31 July 2015	(678)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

15 Pension and other post-retirement benefit commitments

Defined contribution pension scheme

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 £183,604 (2014: £406,951) were outstanding.

	2015 £'000	2014 £'000
Contributions payable by the Company for the year	554	462

NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 31 JULY 2015

16 Share capital

	2015 £'000	2014 £'000
Authorised		
11,204,245 ordinary shares of 1p each	112	112
188,500 'MR' shares of 1p each	2	2
607,255 'A' ordinary shares of 1p each	6	6
	120	120
Allotted and called up		
8,954,030 (2014: 8,708,863) ordinary shares of 1p each	90	87
188,500 (2014: 188,500) 'MR' shares of 1p each	2	2
607,255 (2014: 607,255) 'A' ordinary shares of 1p each	6	6
	98	95

During the year 5,000 shares were issued to satisfy share awards made under a deferred purchase scheme. These shares were issued on 8 December 2014 at a price of £19.26 per share. This share award was subsequently forfeited on 31 July 2015 and the proceeds of £96,300 have been written off to retained earnings and the shares are now held in treasury.

Share issue proceeds of £1,782,615 remain unpaid at 31 July 2015.

The 8,954,030 (2014: 8,708,863) issued ordinary shares of 1p each above consist of 8,701,030 (2014: 8,360,863) fully paid up shares and 253,000 (2014: 348,000) allotted, called up and nil paid shares.

The 188,500 ordinary 'MR' shares of 1p each are allotted, called up and fully paid.

All shares rank pari passu in all respects save that in respect of dividends. Dividends may be declared in respect of one or more classes of shares to the exclusion of the other classes, save that any dividend declared on the Ordinary Shares shall be also declared on the 'A' ordinary shares and the 'MR' shares.

On 9 December 2014 the Company provided assistance to an Employee Benefit Trust in the form of an interest free loan of £2,579,434 to enable it to purchase shares from existing shareholders.

17 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating profit	39,582	35,528
Depreciation of property, plant and equipment	1,794	1,565
Amortisation of intangibles	353	213
Loss on disposal of fixed assets	28	–
Cost of equity settled employee share schemes	5	–
Decrease in provisions	–	(60)
Operating cash flow before movements in working capital	41,762	37,246
Decrease/(increase) in inventory	1,830	(202)
Increase in debtors	(22,425)	(12,378)
Increase in creditors	33,563	21,352
Cash generated from operations	54,730	46,018
Income taxes paid	(7,319)	(10,345)
Net cash from operating activities	47,411	35,673

18 Financial commitments

Operating leases

At 31 July 2015, operating leases represent short-term leases for office space in Marlow, London, Manchester, Bristol and Leeds.

Future minimum rentals payable under non-cancellable operating leases for office buildings are as follows:

	Office buildings	
	2015 £'000	2014 £'000
Operating lease payments due:		
Within one year	597	416
Between two and five years	1,282	1,343
In over five years	–	–
	1,879	1,759

19 Financial instruments and financial risk management

The Company's principal financial liabilities comprise trade and other payables. The primary purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables and cash that derive directly from its operations.

Financial assets

The financial assets of the Company were as follows:

	2015 £'000	2014 £'000
Cash at bank and in hand	74,642	37,720
Trade and other receivables	121,952	100,195

The Directors consider that the carrying amount for all financial assets approximates to their fair value.

Financial liabilities

The financial liabilities of the Company were as follows:

	2015 £'000	2014 £'000
Trade and other payables	(108,053)	(74,503)

The Directors consider that the carrying amount for all financial liabilities approximates to their fair value.

Financial risk management

The Company is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and ensure that the Company's financial risk taking is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite.

The Board of Directors review and agree the policies for managing each of these risks, which are summarised below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the year end the Company has no borrowings and therefore the exposure to interest rate risk is limited to the rates received as interest income on cash deposits. The Company accepts the risk of losing interest on deposits due to interest rate reductions. Due to the limited exposure to interest rate risk no sensitivity analysis has been prepared.

Foreign currency risk

The Company is exposed to foreign currency risk when dealing with customers and suppliers who wish to be billed in a currency other than Pounds Sterling. As the vast majority of transactions are with UK customers and are denominated in Pounds Sterling, the Directors consider this foreign currency risk to be small and do not hedge this risk due to the limited exposure. The level of foreign currency transactions is monitored closely to ensure that the level of exposure is manageable. Due to the limited exposure to currency risk no sensitivity analysis has been prepared.

NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 31 JULY 2015

19 Financial instruments and financial risk management continued

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

Credit risk from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. A customer's credit quality is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored. At 31 July 2015, the Company had 853 accounts (2014: 717) that owed the Company more than £25,000 each. These accounts accounted for approximately 14% (2014: 13%) of total customers and 81% (2014: 80%) of the total value of amounts receivable. There were 218 customers (2014: 163 customers) with balances greater than £100,000 accounting for just over 4% (2014: 3%) of the total number of receivable accounts and 54% (2014: 51%) of the total value of amounts receivable.

The requirement for impairment is analysed at each reporting date. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low as there is limited reliance on single, or a few customers, instead sales are typically small in size but large in volume as are the number of customers. This is illustrated by the fact that no more than 3% of receivables are due from any one customer at the year end.

Financial instruments and cash deposits

Credit risk from cash balances with banks and financial institutions is managed in accordance with Company policy. The Company has significant cash reserves which are accessible immediately and without restriction. Credit risk with respect to cash deposits is managed by carefully selecting the institutions with which cash is deposited and spreading its deposits across more than one such institution to ease concentration risk.

Liquidity risk

The Company generates positive cash flows from operating activities and these fund short-term working capital requirements. The Company aims to maintain significant cash reserves and none of its cash reserves are subject to restrictions. Access to cash is not restricted and could all be drawn upon immediately if so required. The Board carefully monitors the levels of cash deposits and is comfortable that for normal operating requirements, no external borrowings are currently required.

The following table details the Company's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total £'000
2015					
Trade and other payables	(108,053)	–	–	–	(108,053)
2014					
Trade and other payables	(74,503)	–	–	–	(74,503)

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while also maximising the operating potential of the business. The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the Company Statement of Changes in Equity. The Company is not subject to externally imposed capital requirements.

20 Capital commitments

At 31 July 2015 the Company had no capital commitments (2014: £nil).

21 Directors' remuneration

	2015 £'000	2014 £'000
Remuneration for qualifying services	1,179	1,772
Company pension contributions to defined contribution schemes	42	97
	1,221	1,869

During the year ended 31 July 2015 the Directors of the Company received a total of nil deferred purchase shares (2014: 40,000) and were awarded a total of 10,000 share options (2014: 57,214) at a weighted average exercise price of £21.18 (2014: £19.03).

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to two (2014: two). In total, Directors exercised 15,000 share options during the year (2014: nil). The number of Directors who are entitled to receive shares under long-term incentive schemes during the year was three (2014: two).

Remuneration disclosed above includes the following amounts paid to the highest paid Director.

	2015 £'000	2014 £'000
Remuneration for qualifying services	324	335
Company pension contributions to defined contribution schemes	38	53

In the year ended 31 July 2015 the highest paid Director received nil deferred purchase shares (2014: 40,000).

22 Employees

Number of employees

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

	2015 Number	2014 Number
Management	37	36
Administration	138	118
Sales	547	448
	722	602

	2015 £'000	2014 £'000
Employment costs		
Wages and salaries	21,289	17,682
Social security costs	5,200	4,617
Other pension costs	554	462
Share option charge	5	–
	27,048	22,761

23 Share option schemes

The Company operates a tax authority-approved EMI and a CSOP for eligible employees, including Directors.

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

	2015 £'000	2014 £'000
CSOP share option plan	5	–

All options vest at the end of the vesting period relating to that option or 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.

NOTES TO THE FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 31 JULY 2015

23 Share option schemes continued

Movement in the EMI and CSOP share options in Softcat Limited and their weighted average exercise price are as follows:

	Weighted average exercise price	No. of shares under options as at 31 July 2015	Weighted average exercise price	No. of shares under options as at 31 July 2014
Outstanding at 1 August		524,320		535,106
Granted during the year	21.18	10,000	19.03	57,214
Forfeited during the year	2.20	(4,384)	3.65	(24,000)
Exercised during the year	3.77	(275,219)	3.62	(44,000)
Outstanding at 31 July		254,717		524,320
Exercisable at 31 July		187,503		452,106

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 2015	No. of shares under options as at 31 July 2014
July 2007 to June 2015	£2.20	–	4,384
June 2008 to May 2016	£1.20	3,612	3,612
October 2009 to July 2016	£1.35	4,110	4,110
June 2013 to May 2021	£3.65	179,781	440,000
November 2014 to May 2023	£5.93	–	15,000
July 2016 to July 2024	£21.18	47,214	47,214
June 2017 to June 2024	£8.88	10,000	10,000
March 2017 to March 2025	£21.18	10,000	–
Total		254,717	524,320

The share-based payments charge in the year of £5,484 (2014: £241) is in respect of share options granted in FY15. The fair value of options granted was calculated using the Black-Scholes model, incorporating relevant assumptions for weighted average share price, weighted average exercise price, expected volatility, expected dividend yield, risk free interest rate and share option term. The resultant fair value was then spread over the relevant performance period for each tranche of share options. The fair value of options granted in the year is measured by use of the Black-Scholes option pricing model using the following assumptions:

	2015
Share price	£20.00
Weighted average exercise price at grant date	£21.18
Expected dividend yield	4.71%
Risk free interest rate	0.50%
Expected volatility	30%
Term	10 years

The above table shows the share price of options granted. During the year 10,000 (2014: 57,214) options were granted. These shares had an exercise price of £21.18 at the date of grant and a performance period of two years.

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.

24 Control

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

25 Post balance sheet events

Dividend

A full year dividend on the ordinary, A and MR shares of 406p per share was declared post year end and was paid on 5 October 2015 to those on the share register on 30 September 2015. A further dividend on the MR shares of £97,500 was paid on 30 September 2015.

26 Related party relationships and transactions

Transactions with key management personnel

The remuneration of key management personnel, which includes the Directors of the Company as well as other senior employees, is set out below in aggregate for each of the categories specified in IAS 24: Related Party Disclosures.

	2015 £'000	2014 £'000
Short-term employee benefits	2,769	2,856
Post-employment benefits	105	114
	2,874	2,970

During the year ended 31 July 2015, key management personnel received a total of 5,000 (2014: 130,000) deferred purchase shares and were awarded a total of 10,000 share options (2014: 57,214) at a weighted average exercise price of £21.18 (2014: £19.03).

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The share-based payment charge of £5,484 for the year ended 31 July 2015 included £5,484 (2014: £241) in respect of key management personnel.

On 3 November 2014 a short-term cash advance of £30,000 was provided to a member of key management personnel. This was subsequently repaid on 30 November 2014.

Advances and credits to Directors

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

	% rate	Opening balance £'000	Amounts advanced £'000	Interest charged £'000	Amounts repaid £'000	Closing balance £'000
P D J Kelly	–	7	–	–	(7)	–

Dividends to Directors

The following Directors, who served as Directors for either the whole or part of the year, were paid dividends during the year:

	2015 £'000	2014 £'000
P D J Kelly	3,899	2,900
M J Hellowell	886	539
B Wallace	11	–
C Brown	74	27
W J Kenny	–	136
D Fawell	–	135
D E Simpson	–	137
D Ridgway	–	43
	4,870	3,917

NOTES

COMPANY INFORMATION

FOR THE YEAR ENDED 31 JULY 2015

Directors	G L Charlton L Ginsberg M J Hellowell P Ventress B Wallace
Secretary	Capita Company Secretarial Services Limited 40 Dukes Place London EC3A 7NH
Company number	02174990
Registered office	Solar House Fieldhouse Lane Marlow Buckinghamshire SL7 1LW
Auditor	Ernst & Young LLP 1 More London London SE1 2AF

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