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SKILLSOFT PUBLIC LIMITED CO

Form 10-K/A

April 14, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
AMENDMENT NO. 2

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

FOR THE FISCAL YEAR ENDED JANUARY 31, 2004

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE 0-25674

SKILLSOFT PUBLIC LIMITED COMPANY

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

REPUBLIC OF IRELAND

NONE

(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

(I.R.S. EMPLOYER IDENTIFICATION NO.)

107 NORTHEASTERN BOULEVARD
NASHUA, NEW HAMPSHIRE

03062

(ZIP CODE) (ADDRESS OF PRINCIPAL
EXECUTIVE OFFICES)

Registrant's telephone number, including area code: (603) 324-3000

Securities registered pursuant to section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act:

(Title of Class)

Ordinary Shares, E0.11

Subscription Rights

Indicate by check mark whether the registrant: (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this
Form 10-K.

Indicate by check mark whether registrant is an accelerated filer (as defined in
Rule 12b-2 of the Exchange Act). Yes No

The approximate aggregate market value of voting shares held by non-affiliates

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of the registrant as of July 31, 2003 was \$466,094,399.

On March 31, 2004, the registrant had outstanding 103,524,579 Ordinary Shares (issued or issuable in exchange for the registrant's outstanding American Depository Shares ("ADSs")).

Each American Depository Share of the Company ("ADS") represents one ordinary share, nominal value Euro 0.11 per share, of the Company. References to the ADSs herein shall also include a reference to the underlying ordinary shares of the Company.

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

This Annual Report on Form 10-K/A is being filed as Amendment No. 2 to the Annual Report on Form 10-K of SkillSoft Public Limited Company (the "Registrant" or the "Company") filed with the Securities and Exchange Commission (the "SEC") on April 15, 2004, for the purpose of amending Item 9A in response to comments provided to the Company by the SEC.

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SKILLSOFT PUBLIC LIMITED COMPANY

FORM 10-K/A

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PART I

ITEM 9A. CONTROLS AND PROCEDURES

Following the merger of SmartForce PLC and SkillSoft Corporation on September 6, 2002, we integrated the business processes, human resources, disclosure controls and procedures, and internal controls of the two companies. During this process, significant deficiencies in disclosure controls and procedures and internal controls were identified predominantly with respect to financial reporting at non-U.S. subsidiaries of the former SmartForce PLC and

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our ability to process the consolidated financial closing cycle. The financial and regulatory compliance reporting at non - US subsidiaries was related primarily to delinquent statutory filings in Australia, France, The United Kingdom, the Republic of Ireland and Singapore for subsidiaries of the former SmartForce, PLC. Subsequent to the Merger, these filings were further delayed by the requirement to reflect the results of the restated financial statements of the historical SmartForce, PLC, which were filed with the SEC on September 22, 2003. These deficiencies resulted in a significant strain to the internal resources and on the infrastructure of the finance organization and adversely impacted both the year-end and quarter-end financial closing process for the fiscal year ended January 31, 2003. External resources were engaged to assist management in both the year-end and quarter-end financial closing process and in identifying areas for improvement for the fiscal year ended January 31, 2003. In addition, in fiscal years ended January 31, 2003 and 2004, permanent resources and accounting process improvements have been added and implemented to improve the non-U.S. finance operations, the financial closing process, and the overall internal control environment. Additionally, by January 31, 2004 all of the subsidiaries, with the exception of retail certification, were on one financial system. Our independent auditors have informed us that they believe we have no material weaknesses in internal controls at January 31, 2004. However they have informed us of certain reportable conditions at that date, including financial and regulatory compliance reporting at non-U.S. subsidiaries of the former SmartForce PLC and our ability to process the financial closing cycle at certain subsidiaries. The newly hired financial staff, focused corporate oversight and the successful migration to one financial system improved the financial closing process and allowed management to conclude that these significant deficiencies did not collectively constitute a material weakness.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of January 31, 2004. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as a result of the implementation of mitigating controls and process improvements with respect to our disclosure controls and procedures, they were operating effectively as of January 31, 2004. However, we believe that continuous monitoring of these disclosure controls and procedures will be required.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f)) under the Exchange Act occurred during the fiscal quarter ended January 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(c) Exhibits. The exhibits filed as part of this Annual Report on Form 10-K/A are listed in the Exhibit Index immediately preceding such exhibits, and are incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SKILLSOFT PUBLIC LIMITED COMPANY

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(Registrant)

By: /s/ Charles E. Moran

Charles E. Moran, President
and Chief Executive Officer

Date: April 14, 2005

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EXHIBIT INDEX

EXHIBIT NO. -----	TITLE -----
2.1	Agreement and Plan of Merger, dated as of June 10, 2002, by and among SmartForce Public Limited Company, SkillSoft Corporation and Slate Acquisition Corp. (Incorporated by reference to exhibit 2.1 to SkillSoft PLC's Current Report on Form 8-K dated June 14, 2002 (File No. 000-25674)).
3.1	Memorandum of Association of SkillSoft PLC as amended on March 24, 1992, March 31, 1995, April 28, 1998, January 26, 2000, July 10, 2001, September 6, 2002 and November 19, 2002 (Incorporated by reference to exhibit 3.1 to SkillSoft PLC's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2002 as filed with the Securities and Exchange Commission on January 21, 2003 (File No. 000-25674)).
3.2	Articles of Association of SkillSoft PLC as amended on July 6, 1995, and April 28, 1998, January 26, 2000, July 10, 2001, September 6, 2002 and November 19, 2002 (Incorporated by reference to exhibit 3.2 to SkillSoft PLC's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2002 as filed with the Securities and Exchange Commission on January 21, 2003 (File No. 000-25674)).
4.1	Specimen certificate representing the ordinary shares of SkillSoft PLC (Incorporated by reference to exhibit 4.1 to SkillSoft PLC's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 as filed with the Securities and Exchange Commission on April 29, 2003 (File No. 000-25674)).
4.2	Amended and Restated Deposit Agreement (including the form of American Depositary Receipt), dated as of April 13, 1995 as amended and restated as of September 4, 2002, among SkillSoft PLC, The Bank of New York, as Depositary, and each Owner and Beneficial Owner from time to time of American Depositary Receipts issued thereunder (Incorporated by reference to Exhibit 4.1 to SkillSoft PLC's Current Report on Form 8-K dated September 4, 2002 (File No. 000-256740)).
4.3	Amended and Restated Restricted Deposit Agreement (including the form of American Depositary Receipt), dated as of November 30, 1995 and amended and restated as of September 4, 2002, among SkillSoft PLC, The Bank of New York, as Depositary, and each Owner and Beneficial Owner from time to time of American Depositary Receipts issued thereunder (Incorporated by reference to exhibit 4.2 to SkillSoft PLC's Current Report on Form 8-K dated September 4, 2002 (File No. 000-25674)).

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- 4.4 Restricted Deposit Agreement (B) dated as of June 8, 1998 and amended and restated as of September 4, 2002 among SkillSoft PLC, The Bank of New York, and the owners and beneficial owners of Restricted American Depositary Receipts (Incorporated by reference to Exhibit 4.3 to SkillSoft PLC's Current Report on Form 8-K dated September 4, 2002 (File No. 000-25674)).
- 4.5 Declaration of Subscription Rights dated as of October 4, 1998 (Incorporated by reference to exhibit 4.1 to SkillSoft PLC's Report on Form 8-A filed with the Securities and Exchange Commission on October 5, 1998).
- 4.6 Amendment to Declaration of Subscription Rights, dated as of June 10, 2002, of SkillSoft PLC (Incorporated by reference to exhibit 4.1 to SkillSoft PLC's Current Report on Form 8-K dated June 10, 2002 (File No. 000-25674)).

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- 4.7 Second Amendment to Declaration of Subscription Rights, dated as of October 9, 2002, of SkillSoft PLC (Incorporated by reference to exhibit 4.2 to SkillSoft PLC's Current Report on Form 8-K dated June 10, 2002 (File No. 000-25674)).
- 10.1** 1990 Share Option Scheme (Incorporated by reference to exhibit 10.1 to SkillSoft PLC's Registration Statement on Form F-1 declared effective with the Securities and Exchange Commission on April 13, 1995 (File No. 333-89904)).
- 10.2** 1994 Share Option Plan (Incorporated by reference to exhibit 10.2 to SkillSoft PLC's Registration Statement on Form F-1 declared effective with the Securities and Exchange Commission on April 13, 1995 (File No. 333-89904)).
- 10.3** 1995 Employee Share Purchase Plan (Incorporated by reference to exhibit 10.3 to SkillSoft PLC's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2002 as filed with the Securities and Exchange Commission on August 14, 2002 (File No. 000-25674)).
- 10.4** Form of Indemnification Agreement between CBT Systems USA, Ltd. (formerly, Thornton Holdings, Ltd.) and its directors and officers dated as of April, 1995 (Incorporated by reference to exhibit 10.5 to SkillSoft PLC's Registration Statement on Form F-1 declared effective with the Securities and Exchange Commission on April 13, 1995 (File No. 333-89904)).
- 10.5** Form of Indemnification Agreement between SmartForce (USA) and its directors and officers dated as of September 6, 2002 (Incorporated by reference to exhibit 10.5 to SkillSoft PLC's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 as filed with the Securities and Exchange Commission on April 29, 2003 (File No. 000-25674)).
- 10.6** 1996 Supplemental Stock Plan (Incorporated by reference to exhibit 10.16 to SkillSoft PLC's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 as filed with the Securities and Exchange Commission on March 30, 1997 (File No. 0-25674)).

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- 10.7** 2002 Share Option Plan (Incorporated by reference to exhibit 10.34 to SkillSoft PLC's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2002 as filed with the Securities and Exchange Commission on August 14, 2002 (File No. 000-25674)).
- 10.8** 2001 Outside Director Option Plan (Incorporated by reference to exhibit 10.1 to SkillSoft PLC's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 as filed with the Securities and Exchange Commission on November 14, 2001 (File No. 000-25674)).
- 10.9 Agreement and Release, effective as of September 13, 2002, between SmartForce PLC and Jeff Newton (Incorporated by reference to exhibit 10.5 to SkillSoft PLC's Quarterly Report on Form 10-Q for the quarter ended October 31, 2002 as filed with the Securities and Exchange Commission on January 21, 2003 (File No. 000-25674)).
- 10.10 Separation Agreement and Release, effective as of May 8, 2002, between SmartForce PLC and Thomas Francis McKeagney (Incorporated by reference to exhibit 10.6 to SkillSoft PLC's Quarterly Report on Form 10-Q for the quarter ended October 31, 2002 as filed with the Securities and Exchange Commission on January 21, 2003 (File No. 000-25674)).
- 10.11** Amended and Restated Employment Agreement dated June 10, 2002 between SkillSoft PLC and Gregory M. Priest (Incorporated by reference to exhibit 10.30 to SkillSoft PLC's Amendment No. 1 to Registration Statement on Form S-4 as filed with the Securities and Exchange Commission on July 30, 2002 (File No. 333-90872)).
- 10.12** Employment Agreement dated June 10, 2002 between SkillSoft PLC and Charles E. Moran (Incorporated by reference to exhibit 10.31 to SkillSoft PLC's Amendment No. 1 to Registration Statement on Form S-4 as filed with the Securities and Exchange Commission on July 30, 2002 (File No. 333-90872)).
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- 10.13** Employment Agreement dated as of June 10, 2002 between SkillSoft PLC and Jerald A. Nine, Jr. (Incorporated by reference to exhibit 10.33 to SkillSoft PLC's Amendment No. 1 to Registration Statement on Form S-4 as filed with the Securities and Exchange Commission on July 30, 2002 (File No. 333-90872)).
- 10.14 Registration Rights Agreement dated as of June 10, 2002 between SkillSoft PLC and Warburg Pincus Ventures, L.P. (Incorporated by reference to exhibit 10.27 to SkillSoft PLC's Amendment No. 1 to Registration Statement on Form S-4 as filed with the Securities and Exchange Commission on July 30, 2002 (File No. 333-90872)).
- 10.15** Employment Agreement dated January 12, 1998 between SkillSoft Corporation and Mark A. Townsend (Incorporated by reference to exhibit 10.15 to SkillSoft PLC's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 as filed with the Securities and Exchange Commission on April 29, 2003 (File No. 000-25674)).
- 10.16** Employment Agreement dated January 12, 1998 between SkillSoft

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Corporation and Thomas J. McDonald (Incorporated by reference to exhibit 10.16 to SkillSoft PLC's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 as filed with the Securities and Exchange Commission on April 29, 2003 (File No. 000-25674)).

- 10.17** Employment Agreement dated effective September 6, 2002 between SkillSoft PLC and Colm Darcy (Incorporated by reference to exhibit 10.17 to SkillSoft PLC's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 as filed with the Securities and Exchange Commission on April 29, 2003 (File No. 000-25674)).
- 10.18 Lease dated February 18, 1998, as amended, between SkillSoft Corporation and Five N Associates (Incorporated by reference to exhibit 10.18 to SkillSoft PLC's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 as filed with the Securities and Exchange Commission on April 29, 2003 (File No. 000-25674)).
- 10.19 Fifth Supplemental Agreement dated November 26, 2001 to the Lease between SkillSoft Corporation and Five N Associates (Incorporated by reference to exhibit 10.19 to SkillSoft PLC's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 as filed with the Securities and Exchange Commission on April 29, 2003 (File No. 000-25674)).
- 10.20 Lease dated May 25, 2001 between 1987 Tamposi Limited Partnership and SkillSoft Corporation (Incorporated by reference to exhibit 10.20 to SkillSoft PLC's Annual Report on Form 10-K for the fiscal year ended January 31, 2003 as filed with the Securities and Exchange Commission on April 29, 2003 (File No. 000-25674)).
- 10.21*** Fleet National Bank Commercial Loan Agreement, dated as of June 24, 2003, by and among SkillSoft Corporation, SkillSoft PLC and Fleet National Bank (Incorporated by reference to exhibit 10.1 to SkillSoft PLC's Quarterly Report on Form 10-Q for the quarter ended July 31, 2003 as filed with the Securities and Exchange Commission on September 15, 2003 (File No. 000-25674)).
- 10.22 Revolving Line of Credit Promissory Note payable to Fleet National Bank, dated June 24, 2003, executed by SkillSoft Corporation and SkillSoft PLC (Incorporated by reference to exhibit 10.2 to SkillSoft PLC's Quarterly Report on Form 10-Q for the quarter ended July 31, 2003 as filed with the Securities and Exchange Commission on September 15, 2003 (File No. 000-25674)).
- 10.23 Security Agreement, dated as of June 24, 2003, by and between SkillSoft Corporation and Fleet National Bank (Incorporated by reference to exhibit 10.3 to SkillSoft PLC's Quarterly Report on Form 10-Q for the quarter ended July 31, 2003 as filed with the

Securities and Exchange Commission on September 15, 2003 (File No. 000-25674)).

- 10.24 Settlement Agreement and General Release, dated as of July 21, 2003, by and between The Thompson Corporation, National Educational

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Training Group and SkillSoft Corporation (Incorporated by reference to exhibit 10.4 to SkillSoft PLC's Quarterly Report on Form 10-Q for the quarter ended July 31, 2003 as filed with the Securities and Exchange Commission on September 15, 2003 (File No. 000-25674)).

- 10.25 Stipulation of Settlement, dated November 26, 2003 (Incorporated by reference to exhibit 10.1 to SkillSoft PLC's Quarterly Report on Form 10-Q for the quarter ended October 31, 2003 as filed with the Securities and Exchange Commission on December 15, 2003 (File No. 000-25674)).
- 10.26** Indemnification Agreement, dated November 13, 2003, by and between SkillSoft Corporation and P. Howard Edelstein (Incorporated by reference from exhibit 10.2 to SkillSoft PLC's Quarterly Report on Form 10-Q for the quarter ended October 31, 2003 as filed with the Securities and Exchange Commission on December 15, 2003 (File No. 000-25674)).
- 10.27+** Indemnification Agreement, dated March 4, 2004, by and between SkillSoft Corporation and William Meagher.
- 21.1+ List of Significant Subsidiaries.
- 23.1+ Consent of Ernst & Young LLP.
- 23.2+ Information Regarding Consent of Arthur Andersen LLP.
- 31.1+ Certification of SkillSoft PLC's Chief Executive Officer pursuant to Rule 13a-14(a)/ Rule 15(d)-14(a) under the Securities Exchange Act of 1934 (regarding Annual Report on Form 10-K for the fiscal year ended January 31, 2004).
- 31.2+ Certification of SkillSoft PLC's Chief Financial Officer pursuant to Rule 13a-14(a)/ Rule 15(d)-14(a) under the Securities Exchange Act of 1934 (regarding Annual Report on Form 10-K for the fiscal year ended January 31, 2004).
- 31.3++ Certification of SkillSoft PLC's Chief Executive Officer pursuant to Rule 13a-14(a)/ Rule 15(d)-14(a) under the Securities Exchange Act of 1934 (regarding Amendment No. 1 on Form 10-K/A).
- 31.4++ Certification of SkillSoft PLC's Chief Financial Officer pursuant to Rule 13a-14(a)/ Rule 15(d)-14(a) under the Securities Exchange Act of 1934 (regarding Amendment No.1 on Form 10-K/A).
- 31.5* Certification of SkillSoft PLC's Chief Executive Officer pursuant to Rule 13a-14(a)/ Rule 15(d)-14(a) under the Securities Exchange Act of 1934 (regarding Amendment No. 2 on Form 10-K/A).
- 31.6* Certification of SkillSoft PLC's Chief Financial Officer pursuant to Rule 13a-14(a)/ Rule 15(d)-14(a) under the Securities Exchange Act of 1934 (regarding Amendment No.2 on Form 10-K/A).
- 32.1+ Certification of SkillSoft PLC's Chief Executive Officer pursuant to Rule 13a-14(b)/ Rule 15d-14(b) under the Securities Exchange Act of 1934, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2+ Certification of SkillSoft PLC's Chief Financial Officer pursuant to Rule 13a-14(b)/ Rule 15d-14(b) under the Securities Exchange Act of 1934, as adopted pursuant to Section 906 of the Sarbanes-Oxley

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Act of 2002.

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- + Previously filed with Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 15, 2004.
 - ++ Previously filed with Annual Report on Form 10-K/A filed with the Securities and Exchange Commission on June 3, 2003.
 - * Filed herewith.
 - ** Denotes management or compensatory plan or arrangement required to be filed by registrant pursuant to Item 15(c) of this report on Form 10-K.
 - *** Confidential treatment requested for certain portions, which portions have been separately filed with the Securities and Exchange Commission.

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