

311 0569

Computacenter plc Annual report and accounts 2008

SATURDAY



A5GRUAVL

A19 20/06/2009 12
COMPANIES HOUSE

Annual report and accounts

Computacenter plc 2008

Who we are

Computacenter is a leading IT infrastructure services provider.

We add value to our customers by advising on IT strategy, deploying appropriate technologies, and managing elements of their infrastructures on their behalf.

Managed and Support Services

We can take contractual responsibility for the management of our customers' IT infrastructures, to reduce their costs and improve service levels. We also provide support services such as installation and maintenance of desktops, datacentres and networks, user help-desk support and disaster recovery.

Consulting and Integration

We provide professional services, including integration and project management expertise, and expert advice across a range of platforms and technologies. We cover all key areas of the IT infrastructure, from desktop to datacentre.

Supply Chain Services

We source, configure and deploy hardware and software from a wide portfolio of leading vendors. We also provide procurement consulting, software licence management, technology disposal and asset management services.

Group revenues up

+7.6%

Adjusted profit before tax up

+1.0%

Adjusted diluted earnings
per share up

+13.5%

Dividend per share up

+2.5%

Financial highlights

- Group revenues increased 7.6% to £2.56 billion (2007: £2.38 billion)
- Adjusted¹ profit before tax increased 1.0% to £43.1 million (2007: £42.7 million)
- Adjusted¹ diluted earnings per share increased 13.5% to 21.0p (2007: 18.5p)
- Final dividend of 5.5p per share, total dividend 8.2p (2007: 8.0p)
- Net cash before customer-specific financing ('CSF') of £4.6 million (2007: net debt of £16.2 million)

Statutory performance

- Profit before tax decreased 6.0% to £39.5 million (2007: £42.1 million)
- Diluted EPS increased 33.0% to 24.2p (2007: 18.2p)
- Net debt after CSF of £84.6 million (2007: net debt of £79.8 million)

Operating highlights

- Group annual services contract base grew over 10% to £498 million, based on constant currency
- Major UK change programme launched in Q4 2008 to accelerate transition to higher margin services and solutions business and improve capital return
- UK contract base grew 7.5% to £217 million, with new wins and extensions expected to add a further £23 million by end Q1 2009
- Substantial improvement in German profitability driven by improved services margin and an increased focus on networking and datacentre solutions
- Continued steady improvement in French performance and improved services mix

Contents

01	Highlights
02	Our strategy and performance
04	International operations
06	Chairman's statement
08	Operating review
14	Finance Director's review
19	Risk management
20	Corporate sustainable development
23	Board of Directors
24	Corporate governance statement
28	Directors' remuneration report
33	Report of the Directors
37	Independent auditors' report to the members of Computacenter plc

38	Consolidated income statement
39	Consolidated balance sheet
40	Consolidated statement of changes in equity
41	Consolidated cash flow statement
42	Notes to the consolidated financial statements
71	Statement of Directors' responsibilities
72	Independent auditors' report to the members of Computacenter plc
73	Company balance sheet
74	Notes to the Company financial statements
78	Group five year financial review
78	Group summary balance sheet
79	Group financial calendar
80	Corporate information

1 Adjusted profit before tax, income tax expense and EPS are stated prior to amortisation of acquired intangibles and exceptional impairment charges. Adjusted operating profit is also stated after charging finance costs on CSF.

2 Definitions

Personal systems
Desktop, laptop, monitor, printers, peripherals, consumables.

Network, server, storage
Intel and Unix servers, storage, networking and security

Services
Professional, support and managed services.

Third party services
Third party resold services.

Our strategy and performance

In 2008, Computacenter made further progress in each of the following strategic initiatives aimed at ensuring long-term earnings growth.

Our strategy

1	2	3	4	5
Accelerating the growth of our contractual services businesses In 2008 our Group contract base grew over 10%, as a difficult economic environment led customers to turn to Computacenter for contractual services to help them reduce IT operational costs and compete in a difficult market.	Improving the efficiency of our service operations Our investment in common solutions and approaches continues to help us improve service efficiency and lower costs for customers. In the UK, the Shared Services Factory (SSF) helped us standardise customer engagement in 2008 and ensure we deliver value to our customers beyond simply meeting defined service levels. Progress is being made with similar shared resource initiatives across the Group.	Broadening the range and depth of our services activities We continued to enhance our capability in areas, such as networking and datacentre, that command higher margins and where specialist expertise is in high demand. Following the completed merger with Digica, our new capability in datacentre, applications and network infrastructure services and enhanced offshore operations made a significant contribution to services growth.	Extending our presence in markets that offer greatest growth opportunity Following a disappointing return on investment from sales to our smaller customer base, we took the decision at the beginning of 2009 to refocus our efforts on sales of our full service proposition and higher-end product sales to organisations of over 500 seats, where we enjoyed considerable success in 2008.	Reducing the cost of sale in our supply chain activities Our decision to stop the trade distribution of personal computers and printers via CCD in the second half of the year, led to a reduction in operating costs and a significantly improved Group cash position due to the lower stockholding requirement. In addition, we continued to implement improved business controls relating to product purchasing and supply in order to streamline the supply business and reduce operating costs.

Our Key Performance Indicators

Earnings per share growth

+13.5%

Adjusted* Diluted EPS improved 13.5% from 18.5p to 21.0p as a result of higher profitability, a reduced number of shares in issue and a lower tax rate. This is the third successive year in which Computacenter has delivered strong EPS growth.

* Adjusted for exceptional items and amortisation of acquired intangibles.

Operating profit growth

+1.0%

Adjusted* Group Operating profit improved 1.0%, from £41.7 million to £42.1 million, driven mainly by improved profit performance in Germany and improved exchange rates.

* Adjusted for exceptional items and amortisation of acquired intangibles and stated after charging finance costs on customer-specific financing.

Services revenue growth

+13.1%

Services revenue* increased 13.1% from £605.0 million to £684.3 million, as Computacenter continued to target the less commoditised end of the market.

* Comprises professional services and support and managed services revenues.

Product revenue growth

+5.7%

Product revenue* grew 5.7% from £1,774.2 million to £1,875.9 million, driven largely by network, server and storage sales.

* Comprises revenue from the resale of all hardware, software, third party services and logistics services.

Contract base growth

+10.8%

Our Group annual service contract base grew 10.8% to £498.2 million*. As a result, over 45% of the gross profit of the Group is now earned from our higher-margin services business.

* Based on constant currency at 31 December 2008.

International operations

Computacenter operates in the UK, Germany, France, and the Benelux countries, as well as providing transnational services across the globe. Its activities are supported by service facilities in the UK, Germany, Spain, South Africa and Malaysia.

United Kingdom

Revenues	Adjusted operating profit
£1,391.2m	£27.9m

Highlights

- Revenues increased by 2.5% to £1.39 billion (2007: £1.36 billion)
- Adjusted operating profit declined 15.6% to £27.9 million (2007: £33.1 million)
- Contract base grew 7.5% to £217 million
- UK change programme to deliver estimated £15 million annualised reduction in SG&A costs

**Computacenter
service facilities**

- Hatfield, UK
- Leeds, UK
- Manchester, UK
- Milton Keynes, UK
- Nottingham, UK
- Erlurt, Germany
- Kerpen, Germany
- Paris, France
- Barcelona, Spain
- Cape Town, South Africa
- Kuala Lumpur, Malaysia

- Computacenter operations and partnerships
- Computacenter service facilities

France
Benelux
Germany

Revenues	Adjusted operating profit
£308.2m	−£1.0m

Highlights

- Revenue increased to £308.2 million (2007: £285.7 million), despite a decline of 7.1% in local currency
- Growth in service revenue of 12.2% partially mitigated decline in product sales
- Adjusted operating loss reduced 44.9% to £1.0 million (2007: loss of £1.8 million)
- Services accounted for 15.4% of total revenue (2007: 12.8%)

Revenues	Adjusted operating profit
£30.0m	−£0.1m

Highlights

- Revenues increased by 8.9% to £30.0 million (2007: £27.6 million)
- Adjusted operating loss increased to £96,000 (2007: £44,000)
- Operating profit in Belgium offset by a loss in Luxembourg
- Services revenues grew 16.6%

Revenues	Adjusted operating profit
£830.7m	£15.3m

Highlights

- Revenues increased 1.0% in local currency and 17.2% in sterling to £830.7 million (2007: £708.6 million)
- Adjusted operating profit grew 47.2% to £15.3 million (2007: £10.4 million)
- Sales performance strong in networking and datacentre solutions
- Annual contract base for managed services grew 11.7%

Definitions
Personal systems

Desktop, laptop, monitor, printers, peripherals, consumables

Network, server, storage

Intel and Unix servers, storage, networking and security

Services

Supply chain, professional, support and managed services

Third party services

Third party resold services

Chairman's statement

Our results were better than the market expected of us, but not good enough.

Since joining Computacenter on 1 July 2008 I have been pleased with what I have found. The people of our company are straightforward, enthusiastic and talented. The management is experienced and wholeheartedly committed to our success. Our processes and offerings are robust and attractive to our customers. Together, these qualities give us significant growth potential in those markets we choose to address.

I am pleased, yes, but not satisfied that we are properly exploiting that potential. Our profitability is not good enough and our organisation structure was cumbersome. Our results for 2008 were better than the market expected of us, but not good enough.

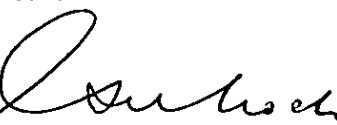
During the latter half of 2008, led by our CEO Mike Norris, we engaged in an in-depth review of our capabilities, organisation, competitive position, profitability and our customers' view of us. As a result we have made a number of changes to our use of working capital and our organisation structure. We have sharpened our market focus to concentrate on the customer segments that ascribe most value to our offerings and our people.

Greg Lock Chairman

The business environment we face is challenging to be sure, but full of opportunity for our company. We can, and do, help businesses reduce costs and become more competitive. Our

determination will be to do that better and more often than our competition, with a more effective and efficient 'engine' than they have. To that end, we are removing layers of management and exiting from businesses that use working capital inefficiently. We are investing significantly in our future, not least with a single Group wide ERP system, a capital investment which will make us more effective and reduce our future expense burden. The short-term changes in organisation and focus, which are aimed at winning in the market, will have the added benefit of delivering an annualised reduction in our expense by c. £15 million, which will be fully delivered in 2010 and have a positive impact in 2009.

I am very pleased to be part of Computacenter today. For its many achievements, and for the strong services capability it has built since its foundation in 1981, it is a fine exemplar of the entrepreneurial spirit. We face the future determined to help our customers improve their business performance, and in so doing improve our own.



Greg Lock
Chairman

Four principles of employee behaviour define the Computacenter attitude and underpin our customer relationships. Wherever we work, we strive to be:

Focused

We recognise and acknowledge our customers' priorities and take action accordingly

Accountable

We take responsibility for our actions and always deliver on our promises

Clear

We are open and straightforward in our discussions and our feedback

Enterprising

We think proactively about what else we can do for our customers

Operating review

We launched a UK change programme to improve our capital return and sharpen our focus as a services and solutions company.

Mike Norris Chief Executive Officer

Group Summary

Computacenter delivered a strong performance for 2008 and laid the foundations for an encouraging future. The Group delivered a 1.0% increase in adjusted* profit before tax to £43.1 million (2007: £42.7 million), largely due to improved profit performance in Germany and aided by exchange rates. Group adjusted* operating profit increased 1.1% to £42.1 million. As a result of higher profitability, a reduced number of shares in issue and a lower tax rate, adjusted* diluted earnings per share (adjusted* EPS) grew 13.5% to 21.0p (2007: 18.5p).

On a statutory basis, taking into account amortisation of acquired intangibles and exceptional impairments of intangible assets, Group profit before tax declined 6.0% to £39.5 million (2007: £42.1 million). Exceptional impairment charges consist of Group ERP charges that can be directly attributed to France, and the non-cash impairment of the acquired Digica trademark, following the cessation of its use. With the benefit of an exceptional income tax credit, Group profit after tax increased by 29.2% to £37.3 million (2007: £28.9 million) and diluted earnings per share grew 33.0% to 24.2p (2007: 18.2p).

Group revenues grew a further 7.6% in 2008 to £2,560.1 million (2007: £2,379.1 million), aided by the effects of a stronger euro and continuing services revenue growth. By year-end our Group annual services contract base stood at £498 million, representing a growth in excess of 10% over 31 December 2007, based on constant currency.

Our balance sheet remains strong. At year-end, net cash prior to customer-specific financing (CSF) was £4.6 million (2007: net debt £16.2 million). Including CSF, net debt was £84.6 million (2007: £79.8 million). The Board is pleased to recommend a final dividend of 5.5p per share, bringing the total dividend for the year to 8.2p (2007: 8.0p). The increased dividend is consistent with our stated policy of maintaining the level of dividend cover within the target range of 2 to 2.5 times. Subject to shareholder approval, the dividend will be paid on 11 June 2009 to shareholders on the register as at 15 May 2009.

The main contributors to profit growth were again our European operations particularly our German business, with a lacklustre performance in the UK. Following an in-depth review of our

business, the fourth quarter of 2008 saw the launch of a UK change programme designed to ensure an improved capital return and further sharpen our focus as a services and solutions company. These changes will deliver an estimated £15 million annualised reduction in UK Sales General and Administration costs, with a positive impact in 2009. Similar, albeit much smaller, change programmes are being implemented in other countries. The major components of the change programme are as follows:

1) Exit from businesses that use working capital inefficiently

In November 2008 we ended the sale of PCs, laptops and printers through CCD, our trade distribution arm. Volume distribution of these products is highly price-competitive and gives us insufficient return. CCD will instead sharpen its focus on the higher-margin server, storage and networking business. We expect this to result in a reduction in 2009 revenues in the order of £70 million without any reduction in profit, while freeing approximately £15 million of working capital.

In addition, following a disappointing return on investment from product sales to our smaller customer base, we took the decision to refocus our UK sales efforts more sharply on our higher margin services and solutions business, where we see the greatest growth opportunity.

2) Restructure to reduce costs and encourage higher-margin sales growth

At the beginning of 2009 we implemented a new UK structure, aimed at increasing our customer focus and growing our more profitable services and solutions business. The restructure reduces organisational duplication and complexity, with fewer management layers and wider accountability.

* Adjusted profit before tax, income tax expense and EPS are stated prior to amortisation of acquired intangibles and exceptional impairment charges. Adjusted operating profit is also stated after charging finance costs on CSF.

Channel 4 boosts business agility with IT outsourcing

3) Leverage scale via Group-wide IT capital investment

In 2008 we embarked on a £25 million capital investment in IT systems that will, over the next three years, enable us to standardise financial reporting and management tools across the Group. Adopting a common, Group Enterprise Resource Planning (ERP) system will enable more effective financial planning and skills and resource management, helping us reduce our costs and leverage our scale for competitive advantage. Approximately £8 million of this capital investment was paid by the end of 2008.

UK

UK revenues grew by 2.5% to £1.39 billion (2007: £1.36 billion) for the year as a whole, largely as a result of strong sales growth in datacentre services, consulting/integration activities and in sales to the medium-sized business sector. Adjusted operating profit declined 15.6% to £27.9 million (2007: £33.1 million). This was mainly due to the poor start to the year, continued significant investment in our services capability and the resourcing of our sales operation targeting product sales to organisations of fewer than 500 seats. Operating profit was also impacted by £1.8 million costs of internal effort related to the ERP upgrade programme that has been charged to the UK, principally from the German business.

As previously reported, the merging of our Managed Services and Digica operations, together with a number of smaller cost-cutting initiatives, also resulted in a restructuring cost to the UK business, adversely affecting operating profit in the first half of the year by some £1.0 million.

continued ➤

Channel 4

To help Channel 4 improve business agility, reduce costs and improve service levels, Computacenter was given responsibility for the broadcaster's network, server and desktop infrastructure and the provision of a service desk.

Computacenter's Service Support Centre handles around 2,500 contacts a month from Channel 4's permanent staff and large freelance community. The broadcaster also uses Computacenter's Services Operation Centre for remote management of its 170 corporate servers, enabling the on-site team to focus on projects and strategic development. Continuous improvement is a key driver as the five-year partnership between the two companies evolves.

Business challenge

Ensure IT systems and services can keep up with business change, while reducing costs and improving user service levels.

The solution

Selectively outsource key IT infrastructure support services.

Results

- Estimated savings of 15%
- Access to new skills
- Simplified supplier management
- Staff freed up for strategic enablement

Services

- Service desk
- Desktop support
- Request management
- Infrastructure support
- Supply chain services
- Asset management

In the UK, we secured a number of long-term services contracts, which we expect to positively impact performance in 2009.

Services revenues overall grew by 4.3% over 2007, as the economic downturn drove customers to seek to improve the cost-effectiveness of their infrastructures. This helped grow the UK contract base a further 7.5% to £217 million. However this does not include a number of significant long-term services contracts, secured in the second half of the year, which did not make any contribution to revenue in 2008 but are expected to have a positive impact on our 2009 performance. These successes include new five-year managed services contracts with Nationwide, for the end-to-end management of its desktop and related IT infrastructure services and with Hays, for the provision of all datacentre and desktop services in the UK. We anticipate that these and other contracts will result in a UK contract base of approximately £240 million by the end of Q1 2009.

Other important wins during 2008 include a major five-year contract with Unipart, worth more than £18 million, through which we will provide end-user, datacentre and network managed services. Marks & Spencer (M&S) also expanded its IT managed services agreement, with Computacenter, which now has end-to-end accountability for the delivery of IT services to M&S's six office sites, servicing approximately 4,000 end-users.

The completed merger of Digica into our core operations made an important contribution to our win and renewal success, our improved datacentre capability enhancing our historical strengths in the desktop and networking areas.

Our ability to assist organisations to reduce operational expenditure and compete in a difficult market helped us win new business in the construction

sector. Our new three-year contract with Rok Plc is for the outsourcing of the company's entire IT infrastructure, covering its 'Wintel' and UNIX server estate, storage management and the delivery of a hosted datacentre service. The scope of our datacentre hosted services contract with Crest Nicholson was also extended to cover desktop services for 650 users and management of 100 sites across the UK, leveraging Computacenter's capabilities in both South Africa and the UK.

Our consulting and integration activities again recorded revenue growth in 2008, with an increasing number of project wins utilising our full capability.

The trend for integration or transformation projects to include hardware and software sales also continued, reflecting our customers' increased dependence on highly resilient and flexible datacentre, storage and network infrastructures. Profit margins on this infrastructure remain materially higher than our transactional business due to the additional value that customers place on end-to-end solutions.

Overall UK product sales grew by 2.0%. However, outside of trade distribution, sales grew a more satisfactory 5.4%, driven by strong sales of storage, virtualisation and audio-visual technology in particular. This was offset by a 14.2% reduction in revenues from CCD, our trade distribution arm. The rise in product revenues was also in part attributable to the weakness of sterling, which led to some small price rises in certain product areas.

Our remarketing and recycling arm, RDC, continued to perform well, recording nearly 17.5% revenue growth overall. RDC is seen increasingly

as a safe pair of hands for customers concerned over environmental disposal, recycling and data security for their end-of-life equipment.

Germany

Computacenter Germany again made good progress in 2008. After achieving 8.2% full year sales growth in 2007, revenue growth levelled off in 2008 as the German economy was hit by the severe economic downturn. However, while revenues increased just 1.0% in local currency and 17.2% in sterling to £830.7 million (2007: £708.6 million), adjusted* operating profit grew 47.2% to £15.3 million (2007: £10.4 million), driven mainly by further improvements in service margins and the recovery of costs of £1.4 million recharged to the UK in relation to the ERP upgrade programme.

Services revenues grew by 4.3% in local currency. This continuing growth came largely from our networking and datacentre solutions business, which is benefiting from our strategic focus on higher-margin services and our ongoing investment in IT solutions and outsourcing. Sales performance was particularly strong in networking, where double-digit growth rates have helped double networking volumes since 2005. We also saw strong sales growth from our energy efficiency related consulting services and from our security solutions.

The improved services profitability is the result of management initiatives launched in 2007 that yielded, in 2008, a three percentage point margin improvement over the previous year, most of which came from our networking and datacentre business. We are confident that this services margin improvement can be sustained and built upon.

Michael Page controls costs through scalable licensing

Growing market recognition of our capabilities helped grow our annual contract base for managed services a further 11.7% in 2008. While this growth is somewhat less than in previous years, this was attributable largely to our strategic focus on improving the profitability of a number of large outsourced datacentre contracts, which had a significant positive impact on our overall performance but required substantial management attention.

Important managed services wins include a 58-month international desktop services and service desk contract with BMW Group, covering 70,000 users in Germany, Austria and the UK, and a 10-year contract with NRW.Bank, the development bank of North Rhine-Westphalia, for the management of its office and datacentre infrastructure.

An increasingly competitive market, especially in the Intel server area, adversely affected the product business, where sales declined 0.8% in local currency. This was largely driven by a fall in 'Wintel' server sales in two of our largest customers. However, sales of large enterprise servers and storage products remained strong.

Initiatives aimed at increasing networking product sales, launched in 2007, yielded strong growth in 2008, notably in the areas of security and unified communications. As a result of US Dollar to Euro exchange rate fluctuations, networking product margins decreased slightly, driving down product margin percentage levels overall. Customer demand for next generation client/server architecture also helped grow sales of software 10.6%.

continued ➤

Michael Page International

Michael Page International needed to ensure its software licensing arrangements for key Microsoft software were both cost-effective and scalable. With tight timescales to close the negotiations, Michael Page turned to Computacenter to ensure it selected the right agreement for its business needs.

Following a benchmarking exercise across the company's multiple Microsoft platforms, Computacenter helped to negotiate a three-year global Enterprise Agreement for 6,000 users. The new agreement provides licences for more users than the deal Michael Page was originally offered – and at a lower per unit cost. The agreement will also help to enhance licensing compliance, free up internal resources and increase business agility.

Business challenge

To help minimise cost and business risk, ensure software licensing is cost-effective, scalable and compliant.

The solution

Benchmark licence usage and negotiate a new three-year global Enterprise agreement.

Results

Provided additional resources to ensure the best negotiation strategy
Reduced business risk from non-compliance
Achieved significant savings and improved cost control

Services

Software licensing consultancy
Benchmarking

In Germany operating profit grew 47.2% driven by further improvements in service margins.

Our overall business mix is largely unchanged, with services accounting for 36% of total revenue. More than 60% of our business is now from the sale of networking and datacentre solutions, demonstrating that our effort to focus our business mix on the less-commoditised end of the market is yielding results.

We are pleased to welcome Oliver Tuszik, who has held a number of management positions within the Company, to the German Board as CEO of Computacenter Germany. We offer him our best wishes in his new role.

France

We continued to see a steady improvement in the performance of our French business in terms of operating performance, financial structure and commercial wins.

After a difficult first quarter, operating performance gradually improved over the course of the year, resulting in an adjusted operating loss reduction of 44.9% to £1.0 million (2007: loss of £1.8 million).

A product market that remains highly challenging contributed to an overall revenue decline of 7.1% in local currency. However, due to beneficial currency movements, reported revenue increased to £308.2 million (2007: £285.7 million). The decline in product revenues hides a strong increase in services revenues of 12.2% (2007: 8.0%) in local currency helped by the consolidation of our short-term professional services contract base into managed services business, where revenues grew 24.5%.

This strong services growth, which was well ahead of the market, demonstrates further progress in our efforts to increase the services mix of the business. Services account now for 15.4% of total revenue (2007: 12.8%).

As with 2007, we saw margin improvement across both products and services. In products, this was due to our more commercially selective approach to the provisioning of hardware and an increased focus on regional business, together with more effective sales incentives. Services margins also improved thanks to volume increase, better management of resources, and tight management of costs.

Computacenter France also delivered an improved financial situation, thanks to improved debt collection, a better control of inventories and a tighter management of cash. Despite average interest rates increasing in 2008, finance costs reduced by 12.3% over 2007 in local currency.

We saw some pleasing contract successes in 2008. The second half saw us renew and extend our major services contracts with EDF and Air Liquide, and renew our software licensing contract with the French public purchasing agency, UGAP. We won a new global solutions three-year contract with Eiffage, including e-procurement, supply chain services, installations, moves and changes, maintenance and product recycling. We also won a significant deal with Société Générale covering supply chain solutions, a roll-out project with Conseil Régional d'Ile de France (Paris region), and a four-year managed services contract with Chambre de Commerce et d'Industrie des Bouches du Rhône.

2009 looks very challenging for our French business, with performance contingent to some extent on our success in securing the renewal of our contract with the French Army, our largest French customer, which expires at the end of Q1 2009. Amongst early successes in 2009, we won the right to bid with Ministère de l'Economie et des Finances for all ultraportable and portable desktops,

laptops and screens, and a significant roll-out for 5,000 users for a customer in the retail sector.

We are aware that much remains to be done to deliver a long-term, acceptable level of profit. To that end, changes to the French management team, and additional sales investment, were made in early 2009 to help accelerate the trend in performance improvement. Our strategic focus is on improving sales efficiency, developing our services offerings, increasing the use of standardised tools and best practice, increasing quality as a market differentiator, and tighter management of overall resources, efficiency and costs.

Henri Viard, formerly our French operation's Finance Director, has recently been appointed CEO of Computacenter France. We offer him our best wishes in his new role.

Benelux

Our Belgium and Netherlands business showed an operational profit of £137,000 (2007: £125,000), with a profit in Belgium offset by a small loss in Luxembourg. Revenues increased by 8.9% to £30.0 million (2007: £27.6 million), which equates to a reduction of 6.2% in local currency, with services growth of 16.6% offset by a 14.9% reduction in product sales.

Key Benelux wins include a five-year renewal of the SWIFT desktop managed services outsourcing contract, European procurement contracts at UCB and Artenius PetPackaging, an Exchange migration and encryption project at Millicom, and a Cisco Unified Communications project at McDonalds Belgium.

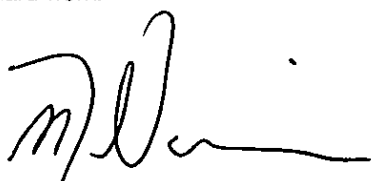
Wolfsburg City Council focuses on service with new phone system

Outlook

As we state every year in our results announcement, it is impossible to draw any meaningful conclusion about the current year until we have completed the first quarter.

The current economic conditions are undoubtedly affecting the markets in which we operate. Our customers' desire to reduce their operating costs makes our managed services offerings more compelling, as our recent contract base growth illustrates. We expect this growth to continue at a similar pace throughout the year, though our product revenues are under pressure. We enter 2009 with a strong balance sheet, which means we are well placed to capture further opportunities and market share.

Our appreciation and thanks go to the employees of Computacenter for their outstanding commitment, energy and hard work.



Mike Norris
Group Chief Executive Officer

Wolfsburg City Council

To help it improve services to 122,000 local residents and ensure privacy of information, Wolfsburg City Council needed a high-availability telephone system that would also offer integrated security features such as call encryption. Following a successful pilot, Computacenter was commissioned to replace the Council's outdated telephone system with an advanced Voice over IP solution.

The customer's IT department can administer the system themselves, thereby optimising operating and maintenance costs. The solution is also highly scalable, allowing the customer to easily extend the system, with the option of integrating additional functions in future.

Business challenge

Improve Council services and ensure privacy of information by replacing outdated legacy phone system.

The solution

Migrate to a Voice over IP solution including two backup call servers to provide the required level of availability.

Results

A high performance, high availability IP telephony solution that is easy to extend and offers considerable cost and security benefits.

Services

Project design
Product evaluation
Product delivery
Migration services

Finance Director's review

Growth in services was achieved in all countries, with lower margin product revenues reducing in Germany and France.

Adjusted profit before tax improved by 1.0% from £41.7 million to £42.1 million. After taking account of exceptional impairments and amortisation of acquired intangibles, statutory profit before tax reduced by 6.0% from £42.1 million to £39.5 million.

Adjusted operating profit

Statutory operating profit reduced from £43.1 million to £42.6 million. However, management measure the Group's operating performance using adjusted operating profit, which is stated prior to amortisation of acquired intangibles and exceptional items, and after charging finance costs on customer-specific financing (CSF), for which the Group receives regular rental income. Gross profit is also adjusted to take account of CSF finance costs.

Table 1, on page 16, shows the reconciliation between statutory and adjusted gross profit and operating profit by geographical segment for 2008 and 2007.

UK

The UK business again delivered revenue growth in 2008, despite a 14.2% reduction in trade distribution sales. Excluding this reduction, UK product sales increased by 5.4%, which taken together with an improvement in services revenues of 4.3% resulted in overall growth of 5.1% in end user sales. The services revenue performance does not include the impact of a number of long-term contract wins during the second half of 2008 which commence billing in 2009.

Adjusted gross profit reduced from 14.4% to 14%. This drop was driven by a reduction in product margins due to reduced profitability in trade distribution, a business which was partially exited in late 2008, along with growth in lower margin product sales to our smaller customer base.

Adjusted operating expenses increased by 2.6%, reflecting the growth in 2008 of investment in sales to our smaller customer base, and redundancy costs c. £1.0 million higher than in previous years. However, due to a disappointing return on investment, our UK sales efforts will in future be re-focused towards our higher margin solutions and services business. This action forms part of the UK change programme, for which no significant costs were incurred in 2008.

Also included in the expense base in 2008 was £1.8 million of internal effort related to the ERP upgrade programme that has been charged to the UK, principally from the German business.

Germany

Overall revenue in constant currency increased by 1.0%, with services revenues growing by 4.3%, offset by a contraction in product revenues of 0.8%. Product revenues reductions were principally in supply of lower margin product. When translated into sterling, German revenues increased in 2008 by 17.2% to £830.7 million.

The key element of profitability improvement in Germany was the improvement in margins, principally within services. Much of this improvement was due to a number of management initiatives launched during 2007, which led to a three percentage point increase in services margins, which in turn led to an increase in the gross profit percentage for Germany as a whole from 13.2% to 13.7% of sales.

Net operating expenses continue to be well controlled increasing by 2.0% in local currency. The outcome was an improvement in adjusted operating profit from £10.4 million to £15.3 million in 2008. This result benefits from the operating costs that have been

Tony Conophy Finance Director

Turnover and profitability

Following on from the growth in 2007, Group revenues increased by 7.6% to £2.60 billion. Whilst the increase was substantially attributable to currency movements, Group revenues at constant currency increased by 0.6%. Growth in the UK business was offset by a 14.2% reduction in trade distribution sales. Growth in services was achieved in all countries, with lower margin product revenues reducing in Germany and France. The growth in service revenues across the Group has contributed to a position where over 45% of the gross profit of the Group is now earned from services, which improves the forward visibility of gross margin generation and earnings resilience.

EDF targets systems performance in leading Vista deployment

recharged to the UK related to the ERP upgrade programme.

France

The French business continued to reduce its loss in 2008, with a combination of a more selective approach in a challenging product market and additional services revenue growth. In local currency, product revenues reduced by 9.9%, whereas services revenue grew by 12.2%. When translated into sterling this led to a growth in revenues of 7.9% in 2008 to £308.2 million.

Gross profit return increased from 11.0% of sales to 12.6% of revenues due to the change in services mix and improved margins in products, together with higher margins in services largely as a result of improved utilisation.

Other operating expenses increased by 3.0% in local currency, remaining under control despite the increased commission costs resulting from the improved margin performance. This translates into a 19.6% increase when reported in sterling.

As a result of these improvements the operating loss, prior to an exceptional impairment, reduced to £1.0 million (2007: £1.8 million).

Benelux

Revenues in the Benelux region reduced in local currency in 2008, with a 16.6% increase in services revenues offset by a 14.9% fall in product revenues. Whilst this change in mix resulted in an improved gross profit return, the operating loss of the business increased to £96,000 (2007: £44,000). The increased loss was generated in Luxembourg, with the business in Belgium generating a small operating profit.

continued ➤

EDF Group

EDF Group needed to improve service levels to its IT users and ensure IT maintainability through the deployment of an upgraded and standardised infrastructure. The company decided to roll out its chosen Microsoft technology suite of Windows Vista, Windows Server 2008, together with System Centre Configuration Manager (SCCM) 2007. Computacenter provides consulting and project management services in order to ensure successful completion of the principal Vista implementation in Europe, covering over 75,000 users across 1,045 locations in just two years. Computacenter was chosen for its past experience, particularly its project management advisory services and IT infrastructure knowledge.

Business challenge

Define and apply the optimised deployment solutions for this standard software portfolio while controlling costs, avoiding delays and minimising risks.

The solution

Provide project management advisory services on each main project activity, from technical architecture building to deployment governance through risks assessment and project communication.

Results

The project was still in progress as we went to press.

Services

Project management consulting
Risk assessment
Deployment planning and design
Communication expertise
Training sessions planning
Global support to field operation teams
Support for methods and solutions appropriation

EDF Energy

Table 1 – Reconciliation of adjusted gross profit and operating profit to statutory measures

	UK £'000	Germany £'000	France £'000	Benelux £'000	Total £'000
2008					
Adjusted gross profit	194,933	113,703	38,821	3,373	350,830
Add back interest on CSF	3,292	737	–	–	4,029
Gross profit	198,225	114,440	38,821	3,373	354,859
Adjusted operating profit	27,938	15,268	(967)	(95)	42,144
Add back interest on CSF	3,292	737	–	–	4,029
Intangibles amortisation	(481)	(44)	–	–	(525)
Exceptional items	(1,922)	–	(1,124)	–	(3,046)
Operating profit	28,827	15,961	(2,091)	(95)	42,602
2007					
Adjusted gross profit	195,846	93,516	31,501	2,920	323,783
Add back interest on CSF	1,339	686	–	–	2,025
Gross profit	197,185	94,202	31,501	2,920	325,808
Adjusted operating profit	33,099	10,388	(1,754)	(44)	41,689
Add back interest on CSF	1,339	686	–	–	2,025
Intangibles amortisation	(481)	(132)	–	–	(613)
Operating profit	33,957	10,942	(1,754)	(44)	43,101

Table 2 – Reconciliation of adjusted profit before tax, income tax expense and earnings per share to statutory measures

	2008	2007
Reconciliation of profit before tax (£'000)		
Profit before tax	39,536	42,059
Amortisation of acquired intangibles	525	613
Exceptional costs	3,046	–
Adjusted profit before tax	43,107	42,672
Reconciliation of income tax expense (£'000)		
Income tax expense	2,194	13,161
Tax on amortisation of acquired intangibles	150	184
Exceptional items		
Exceptional adjustments in relation to prior periods	3,611	–
Exceptional revaluation of the deferred tax asset in Germany	4,766	–
Adjusted income tax expense	10,721	13,345
Statutory		
Effective tax rate	5.5%	31.3%
Profit attributable to shareholders (£'000)	37,337	28,888
Basic earnings per share (p)	24.7	18.5
Diluted earnings per share (p)	24.2	18.2
Adjusted		
Effective tax rate	24.9%	31.3%
Profit attributable to shareholders (£'000)	32,386	29,327
Basic earnings per share (p)	21.4	18.8
Diluted earnings per share (p)	21.0	18.5

Exceptional impairment charge

An exceptional impairment of £1.1 million has been recognised in relation to additions to intangible assets due to the Group ERP programme that can be specifically allocated to the French cash-generating unit.

After the year-end a decision was reached to cease using the Digica brand following the integration of the Digica operations into those of Computacenter (UK) Limited. An exceptional non-cash impairment charge of £1.9 million for the trademark generated at the time of the Digica acquisition has been recognised accordingly.

Finance income and costs

Net finance costs on a statutory basis increased from £1.0 million in 2007 to £3.0 million in 2008. This increase is attributable to an increase in finance costs on customer-specific financing from £2.0 million to £4.0 million. On an adjusted basis, prior to the interest on customer-specific finance ('CSF'), net finance income was static at £1.0 million.

Taxation

The effective tax rate for the Group reduced to 5.5% in 2008 from 31.3% in 2007. 2008 includes two exceptional items that are not expected to be repeated. Firstly, the UK tax charge was lower by £3.6 million in relation to settlement of certain prior year items. Secondly, there was a reassessment of the recoverable amount of the deferred tax asset recognised in relation to tax losses of Computacenter Germany, following the material improvement in profitability over the course of 2007 and 2008. This reassessment, in excess of the losses utilised in the year, resulted in a beneficial reduction of £4.7 million to the tax charge.

Excluding the exceptional items, the adjusted effective tax rate was 24.9%

Table 3 – Group revenues

	Half 1	Half 2	Total
2006	1,114.9	1,155.0	2,269.9
2007	1,160.3	1,218.8	2,379.1
2008	1,250.3	1,309.8	2,560.1
2008/07	7.8%	7.5%	7.6%

Table 4 – Adjusted profit before tax

	Half 1	%	Half 2	%	Total	%
2006	14.5	1.3%	23.5	2.0%	38.0	1.7%
2007	13.1	1.1%	29.6	2.4%	42.7	1.8%
2008	11.3	0.9%	31.8	2.4%	43.1	1.7%
2008/07	(14.1%)		7.5%		(1.0%)	

(2007: 31.3%). The improvement in 2008 is attributable to the reduction of unrelieved operating losses in France, and losses utilised on earnings in Germany.

Deferred tax assets of £13.5 million (2007: £6.9 million) have been recognised in respect of losses carried forward. In addition, at 31 December 2008, there were unused tax losses across the Group of £212.0 million (2007: £169.6 million) for which no deferred tax asset has been recognised. Of these losses, £138.8 million (2007: £116.5 million) arise in Germany, albeit a significant proportion have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

Earnings per share and dividend

Whilst statutory diluted earnings per share has grown by 33.0% to 24.2p (2007: 18.2p), adjusted diluted earnings per share provides a more appropriate reflection of performance, increasing by 13.5% from 18.5p in 2007 to 21.0p in 2008.

Earnings per share increases exceed the profit growth due to the repurchases of capital through 2007 and 2008, reduced corporation tax rate in the UK and improvement in overseas earnings that are not subject to tax.

The Board is recommending the total dividend for the year to be 8.2p per share (2007: 8.0p). The final dividend of 5.5p will be payable on 11 June 2009 to registered shareholders as at 15 May 2009.

Cash flow

The Group manages its trading net funds position taking into account factor financing, but excluding CSF. There is an adjusted cash flow statement provided in note 28 that

restates the statutory cash flow to take account of this definition.

Net funds excluding CSF increased by £20.8 million from debt of £16.2 million to a positive position of £4.6 million. The increase was generated despite outflows in the year of £9.7 million on repurchasing shares and approximately £8 million invested in intangible assets related to the ERP programme.

The main determinants for the cash inflow were earnings in the year, a low tax payment in the UK, substantially untaxed earnings in Germany and France, and tight management of working capital across the Group, resulting in a £15.3 million inflow.

During the year, we entered into a number of new CSF contracts principally in relation to new datacentre offerings in the UK and Germany. Taking CSF into account, total net debt at the end of the year was £84.6 million, compared to £79.8 million at the start of the year.

Customer-specific financing

In certain circumstances, the Group enters into customer contracts that are financed by leases or loans, which are secured only on the assets that they finance. Whilst the outstanding balance of CSF is included within the net funds for statutory reporting purposes, the Group excludes CSF when managing the net funds of the business, as this CSF is matched by contracted future receipts from customers.

Whilst CSF is repaid through the future customer receipts, Computacenter retains the credit risk on these customers. However, in excess of 90% of the £89.2 million CSF balance at 31 December 2008 is due from customers with strong credit ratings (D&B – 5A1), and the future expected rental income that is estimated to be received in future periods is approximately £95.0 million.

The CSF financing facilities, which are committed, are thus outside of the normal working capital requirements of the Group's product resale and service activities. It is anticipated that the level of CSF in 2009 will be broadly similar to 2008.

Capital management

Details of the Group's capital management policies are included within note 24 of the financial statements.

Financial instruments

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items that arise directly from its operations. The Group occasionally enters into hedging transactions, principally forward exchange contracts or currency swaps. The purpose of these transactions is to manage currency risks arising from the Group's operations and its sources of finance. The Group's policy remains that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate, liquidity and foreign currency risks. The overall financial instruments strategy is to manage these risks in order to minimise their impact on the financial results of the Group. The policies for managing each of these risks are set out below. Further disclosures in line with the requirements of IFRS 7 are included in note 23 of the accounts.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings, invoice factoring in France and the UK and finance leases and loans for certain customer contracts. The Group's bank borrowings, other facilities and deposits are at floating rates. No interest rate derivative contracts have been entered into. When long-term

Finance Director's review continued

Table 5 – Revenues by country

	2008		2007	
	Half 1	Half 2	Half 1	Half 2
UK	708.1	683.1	671.1	686.2
Germany	379.8	450.9	340.7	367.9
France	147.2	161.0	135.3	150.4
Benelux	15.2	14.8	13.2	14.3
Total	1,250.3	1,309.8	1,160.3	1,218.8

Table 6 – Adjusted operating profit by country

	2008				2007			
	Half 1	%	Half 2	%	Half 1	%	Half 2	%
UK	8.9	1.3%	19.0	2.8%	11.3	1.7%	21.8	3.2%
Germany	4.1	1.1%	11.2	2.5%	3.5	1.0%	6.9	1.9%
France	(1.9)	(1.3%)	0.9	0.6%	(2.1)	(1.6%)	0.3	0.2%
Benelux	(0.1)	(0.4%)	(0.0)	(0.2%)	(0.1)	(0.8%)	0.1	0.4%
Total	11.0	0.9%	31.1	2.4%	12.6	1.1%	29.1	2.4%

borrowings are utilised, the Group's policy is to maintain these borrowings at fixed rates to limit the Group's exposure to interest rate fluctuations.

Liquidity risk

The Group's policy is to ensure that it has sufficient funding and committed bank facilities in place to meet any foreseeable peak in borrowing requirements. The Group's net funds position improved substantially during 2008, and at the year-end was £4.6 million excluding customer-specific financing and £84.6 million on a statutory basis.

At 31 December 2008, the Group had available £163.4 million (2007: £148.1 million) of uncommitted overdraft and factoring facilities. However, £81.2 million of these facilities will expire during March 2009 and will not be renewed as they are no longer required given the £60.0 million committed facility established in May 2008, of which £45.0 million is not utilised at the balance sheet date. Customer-specific financing facilities are committed.

The Group manages its counterparty risk by placing cash on deposit across a panel of reputable banking institutions, with no more than £30 million deposited with a single counterparty at any one time.

Foreign currency risk

The Group operates primarily in the UK, Germany, France, and the Benelux countries, using local borrowings to fund its operations outside of the UK, where principal receipts and payments are

denominated in euros. In each country a small proportion of the sales are made to customers outside those countries. For those countries within the euro zone, the level of non-euro denominated sales is very small and, if material, the Group's policy is to eliminate currency exposure through forward currency contracts. For the UK, the vast majority of sales and purchases are denominated in sterling and any material trading exposures are eliminated through forward currency contracts.

Credit risk

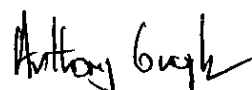
The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are continually monitored thereafter. In France, credit risk is mitigated through a credit insurance policy which applies to non-Government customers and provides insurance for approximately 50% of the relevant credit risk exposure.

As a result of the more difficult credit environment in the past 12 months, we have been extremely vigilant, however a loss of £0.85 million was incurred due to the bankruptcy of a major financial services client.

There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

Going concern

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



Tony Conophy
Finance Director
9 March 2009

The Group seeks to identify and control risks, which are categorised as strategic risks, operational risks or hazards.

The Group undertakes a formal annual process of identifying, analysing and managing risks to the business. Throughout the year, new risks or changed circumstances are captured and then reflected in the Risk Log. All identified risks are quantified, prioritised and appropriate mitigations developed for each. Risks are also considered in the development and execution of the programme of work carried out by the Group's Internal Audit Department. Some of the principal risks to the implementation of the Group's strategy

or achievement of desired performance levels are highlighted below. These risks are categorised into strategic risks, operational risks and hazards. Financial risk exposures are described in the Finance Director's Review, on pages 14 to 18.

Strategic risks arise principally from external events, over which the Group has limited influence, and in response to which our focus tends to be on measures to limit or control losses.

Operational risks arise from failures in internal processes, people and systems where proactive intervention can reduce the likelihood or severity of such risks.

Hazards constitute perils such as fire, flood and viral attack of pandemic proportions. Hazards are managed through prevention, mitigation, continuity planning and risk transfer through the purchase of insurance.

	Risks	Mitigation
Strategic risks	The recession could expose the Group to materially reduced discretionary spend on IT, particularly within the financial services sector. It could also expose the Group to an increased risk of customer insolvency. Should a customer-specific financing arrangement be in place when the insolvency occurs, the potential severity of the risk may be materially increased.	Re-focus resource on the more buoyant business sectors and promote business offerings that reduce cost for customers. Close and frequent monitoring of customer credit ratings and financial stability indicators. Ensure that a level of contractual protection is assured through the negotiation of retention clauses. Maintain the level of customer-specific financing exposure to within the defined risk tolerance.
	The recession has resulted in an increase in payment term extension requests from customers and increased invoice queries, resulting in payment delays.	Requests for extended terms to be considered at Board level and only to be granted with restrictions. Internal processes enhanced to minimise invoice queries.
	The credit crisis has materially reduced the availability of finance.	In addition to existing facilities across the Group, a committed facility was secured in 2008. The Group's available cash and working capital requirements are constantly reviewed, together with the suitability of the facility levels.
	A small number of key vendors with considerable scale and market strength, supply products that generate a significant proportion of the Group's revenues.	Maintain a vendor independent product portfolio and deliver incremental value to customers, over and above that of the product sale, across our range of services.
	The Group's profits continue to be exposed to erosion of IT equipment unit prices.	Focus on internal cost control and directing the selling activity to higher margin earning service contracts.
Operational risks	Profit erosion resulting from a failure to understand, or effectively implement, the full commercial consequences and terms of unfamiliar and complex end-to-end service contracts, which arise through the competitive and dynamic nature of the industry.	Formal bid reviews and an escalation process for non-standard proposals. Focus on service implementation processes during contract take-on.
	Failure of the business in France to return to profitability.	Aggressive implementation of the strategy to build services offerings and to grow the business' presence within this environment, whilst remaining focused on internal cost control.
	The ERP upgrade project suffers delays due to unforeseen scope changes, resulting in material costs outside of the budget, or the SAP application fails to deliver the anticipated business benefits, due to initial design omissions.	Senior Executive and Board level progress monitoring reviews, against pre-determined performance indicators, are scheduled at high frequency. Senior management resource has been dedicated to the project design phase and competent staff have been assigned to maintain focus on current business activities.
	The Group cost reduction plan does not achieve the targeted level of cost removal.	Cost reduction monitoring against plan is frequently undertaken, with prompt response to any variances.
Hazards	The loss of an entire significant facility of the Group, or the failure of business critical IT systems or telephony.	Enhanced loss control measures and physical protection implemented over previous years, combined with ongoing contingency planning and testing.

Corporate sustainable development

Computacenter prides itself on the provision of technologically advanced information solutions and recognises that our business occurs within a wider community, including employees, shareholders, customers, suppliers, business partners and the natural environment as a whole.

During the latter half of 2007, the Group committed itself to the 10 core principles of the United Nations Global Compact, aimed at demonstrating ethical, environmental and social responsibility towards our own workforce, as well as our business interaction with people and organisations within each community and country we operate. The Group additionally retains its membership to FTSE4Good Index Series.

Integral to this commitment, we strive to incorporate the UN Global Compact and its principles into our strategy, Corporate Sustainable Development Policy, culture and day-to-day operations. We do this through the development, communication and implementation of relevant policies to manage and measure our progress towards these principles. We support public accountability and transparency and will publish, as part of our annual Business Review, a Report on Progress (below). This report is aimed at establishing the initial foundation for future developments in and reporting on CSD for the Group, as a whole.

Computacenter will seek to collaborate with and encourage our suppliers, contractors and customers to operate in a similar socially responsible manner, as guided by the 10 principles, derived from the United Nations Global Compact. In this regard, the Group will initially seek to obtain a level of commitment from its principal contractors, with assistance and verification of commitment implementation to follow during 2009.

Employees on an eight-day hike along the Great Wall of China raised over £33,000 for Childline, Cancer Research UK and the Multiple Sclerosis Trust.

Mike Norris
Chief Executive Officer

Human rights

1. Support and respect the internationally proclaimed human rights

Human rights – status achieved

Policies on equality and non-discrimination have been adopted within the Group and the majority of employees have their human right entitlements embedded within their employment contracts.

2008 objective and achievement

Launch a programme across the Group to increase employee awareness about their human rights and procedures available for rights protection.

- ✓ AGG Training (anti-discrimination) in Germany over 80% complete, 'Ethics Chart' adopted in France.

2009 objective

- Delivery of human rights protection policies to new starters, through the Employee Handbook or the new on-line tool.

Health and safety – status achieved

Internal control policies are maintained, reviewed annually and certified to international standards, at Computacenter Germany and RDC. Computacenter UK has the health and safety management system audited by the UVDB Verify standard.

2008 objective and achievement

Maintain the Accident Incident Rate (AIR) at below 2.5 and the Accident Frequency Rate (AFR) at below 1.0.

- ✓ In the UK, the average AIR improved to 1.13 (2007: 1.32) and the average AFR improved to 0.64 (2007: 0.73).
- ✓ In Germany, the average AIR improved to 2.30 (2007: 2.42) and the average AFR improved to 1.28 (2007: 1.39).
- ✓ In France, the average AIR improved to 2.49 (2007: 3.06) and the average AFR improved to 1.38 (2007: 1.90).

2009 objective

- Maintain the AIR at below 2.5 and the AFR at below 1.0.

AIR – Number of accidents per 1,000 employees.

AFR – Number of accidents per 100,000 working hours.

2. Ensure that the Group is not complicit with human rights abuses

Human rights – status achieved

Computacenter expects its contractor partners and suppliers to respect internationally proclaimed human rights. Computacenter UK adopted a Minority Supplier Development programme during 2007.

2008 objective and achievement

Formally identify and list all partners and suppliers through a risk based approach.

- ✓ 86 suppliers and partners of the Group have been selected on the basis of spend, location and criticality to customer delivery.

Obtain information on their levels of commitment and conformance to the UN Global Compact.

- ✓ A questionnaire was developed and sent to the selected suppliers; data has been obtained and logged for 79%, with work ongoing.

2009 objective

- Ensure all new suppliers and partners complete the questionnaire prior to being added to the supplier portfolio.
- Motivate partner and supplier commitment levels, through a risk based approach.

Labour standards

3. Uphold employees' freedom of association

Freedom of association – status achieved

Active employee participation is encouraged through elected employee representative forums, in both the UK and Germany. In the UK, formal recognition agreements have been reached with CWU, PCS, Unite and Connect, for the purposes of collective bargaining. Computacenter France, Computacenter Managed Services GmbH in Germany and Computacenter Belgium have formal Works Council arrangements.

2008/2009 objective and achievement

See objectives and achievements in 2 above.

4. Eliminate all forms of forced and compulsory labour

No compulsory labour – status achieved

All employees are employed via a formal agreement, which conforms to the applicable labour laws and wage rate stipulations in each jurisdiction and contains a right of termination.

2008/2009 objective and achievement

See objectives and achievements in 2 above.

5. Abolish all forms of child labour

No child labour – status achieved

Minimum age requirements apply across the Group and specific procedures are in place for work experience placements.

Computacenter believes that education is effective in the abolition of child labour practices. Computacenter France supports Aide et Action, a non-governmental organisation which facilitates the provision of child education. RDC, together with external partners, have provided schools in Africa with IT equipment.

2008/2009 objective and achievement

See objectives and achievements in 2 above.

6. Support equality in respect of employment and occupation and eliminate all discrimination

No discrimination – status achieved

The Group has implemented equality and non-discrimination policies. RDC is supporting a local initiative (Mill Race IT), which uses refurbished equipment to provide training to individuals with special needs.

2008 objective and achievement

Achieve re-accreditation to Investors in People in the UK.

✓ Achieved and general improvement noted since 2005 assessment.

80% of employees in Germany to complete AGG training.

✓ Over 80% of employees in Germany have completed AGG training.

✓ See objectives and achievements in 2 above.

2009 objective

- By 2011, to address areas for improvement as noted by the Investors in People assessors.
- Introduce and establish the Benefits@Computacenter family service programme.

Environment

7. Apply precaution to activities which can impair the environment

Protect the environment – status achieved

Environmental Management Systems (EMS) have been implemented across the Group, which set improvement targets for significant impacts. The majority of EMS procedures have been certified to the ISO 14001:2004 standard.

- Energy saving practices have been improved with the implementation of energy saving technologies and behavioural campaigns, across the Group.

Sustainable development in practice

Marks & Spencer

Computacenter provides asset recycling and redeployment services to Marks & Spencer (M&S) via RDC, our specialist IT disposals division. The cost-neutral service has helped M&S meet its WEEE requirements and its Plan A environmental objectives, sending zero IT waste from M&S head office to landfill in 2008.

Computacenter is also working with M&S to reduce its carbon footprint by implementing a cost and energy-saving server consolidation and virtualisation programme.

Corporate sustainable development continued

Our cycling team braved 300 miles of hilly terrain for charity, on the London to Paris bike ride.

Our two sponsored fire dogs, Cee Cee and Browla, help Hertfordshire Fire and Rescue determine the cause of fires.

The 'Bridge' sculpture, on show in our Hatfield reception to promote the Digital Pipeline project, through which RDC helps deploy computers to schools and communities in Africa.

- A Group-wide Carbon Footprint Measurement project has commenced, with the base line study due for completion by April 2009.
- CO₂ reductions motivated by promotion of telephone/video conferencing. During 2008, the use of audio visual increased by 150%, web conferencing use has increased by 455%, UK MeetMe tool use increased by 18% and Global MeetMe use increased by 320%, when compared to 2007.
- CO₂ emissions for UK fleet vehicles have reduced from 176 grams/kilometre per car in 2007, to 168 grams/kilometre per car. Germany has removed all cars, with emission levels above 200 grams/kilometre, from its fleet and will expand its pilot project, involving the introduction of gas powered vehicles.
- The Group's IT equipment is disposed of in full compliance with the WEEE Directive, and RDC has reported zero waste to landfill, since 2002.

2008 objective and achievement

Identify a suitable performance indicator for energy consumption measurement, which incorporates business demand and metered units.

✓ A business reorganisation has challenged the identification of suitable energy consumption performance indicators. Undergo a green fleet review of UK's fleet by the Energy Saving Trust.

✓ Green fleet review completed in 2008.

Find a suitable measurement for the effects of recently implemented waste reduction initiatives.

✓ The business reorganisation has materially reduced packaging waste generation.

2009 objective

- Complete the Group wide Carbon Footprint Measurement project and assess suitable energy abatement possibilities.
- Assess suitability of energy reduction recommendations.
- The business restructure has necessitated a revised review of waste reduction indicators.

8. Undertake initiatives to promote greater environmental responsibility

Promote environmental responsibility – status achieved

Computacenter acknowledges that its activities impact on the wider environment and more specifically, on the communities in which it operates. The Group is committed to supporting charities selected by employees. In the UK, over £170,000 was raised in 2008, by staff members and Company matching.

2008 objective and achievement

Review and identify initiatives which would divert more fundraising proceeds, to causes of a local community or industry relevant nature.

✓ In the UK, Willows Foundation, a locally based charity was selected as one of the three principal charities and sponsorship of the Hertfordshire Fire and Rescue dog, has continued.

✓ In Germany a staff volunteering initiative has been launched.

2009 objective

- Track staff participation to volunteering initiatives.

9. Encourage the development of environmentally friendly technologies

Develop environmentally friendly technologies

– status achieved

- Promotion of Computacenter Green IT Advisory Service.
- RDC, provides customers with environmentally compliant and data-secure solutions, to end of life IT asset management.

2008 objective and achievement

Investigate further viable environmentally friendly initiatives.

✓ Increased marketing and enhancement of Green IT Advisory Service.

2009 objective

Continue to promote the initiatives of the Green IT Advisory Service.

Anti-corruption

10. Impede corruption in all its forms, including extortion and bribery

Impede corruption – status achieved

Ethics policies have been implemented across the Group, with a requirement that employees report any suspected breaches of the Ethics Policy. A Business Ethics training module will be presented to all new staff on the graduate scheme.

2008 objective and achievement

Ensure that whistle-blowing policies within the Group are aligned and that the reporting channels to Group Audit Committee are effective.

✓ All Group companies have implemented policies and the Group Audit Committee considers any 'whistle-blowing' reports at its meeting.

✓ See objectives and achievements in 2, on page 20.

2009 objective

- Continue to track and investigate all reported instances of 'whistle-blowing'.
- See objectives in 2, on page 20.

Stephen Benadé

SJ Benadé
Company Secretary
9 March 2009

Greg Lock (61)

Chairman

Greg is the Chairman of Kofax plc and a Non-Executive Director of private technology companies, Liberata and Target Group. He has more than 38 years' experience in the software and computer services industry, including four years as Chairman of SurfControl plc and, from 1998 to 2000, as General Manager of IBM's Global Industrial sector. Greg also served as a member of IBM's Worldwide Management Council and as a governor of the IBM Academy of Technology.

Mike Norris (47)

Chief Executive

Mike graduated with a degree in computer science and mathematics from East Anglia University in 1983. He joined Computacenter in 1984 as a salesman in the City office. In 1986 he was Computacenter's top national account manager. Following appointments as Regional Manager for London operations in 1988 and General Manager of the Systems Division in 1992, with full national sales and marketing responsibilities, he became Chief Executive in December 1994 with responsibility for all day-to-day activities and reporting channels across Computacenter.

Tony Conophy (51)

Finance Director

Tony has been a member of the Institute of Chartered Management Accountants since 1982. He qualified with Semperit (Ireland) Ltd and then worked for five years at Cape Industries plc. He joined Computacenter in 1987 as Financial Controller, rising in 1991 to General Manager of Finance. In 1996 he was appointed Finance and Commercial Director of Computacenter (UK) Limited with responsibility for all financial, purchasing and vendor relations activities. In March 1998 he was appointed Group Finance Director.

Peter Ogden (61)

Non-Executive

Peter founded Computacenter with Philip Hulme in 1981 and was Chairman of the Company until 1998, when he became a Non-Executive Director. He is Chairman of Dealogic (Holdings) plc and a Director of Atlas Capital Group. Prior to founding Computacenter, he was a Managing Director of Morgan Stanley and Co.

John Ormerod (60)

Non-Executive

John is the Senior Independent Director and Audit Committee Chairman of Misys plc, a Non-Executive Director of Gemalto NV, where he also chairs the Audit Committee, and a Non-Executive Director of ITV plc. John has held senior positions with Arthur Andersen and with Deloitte, where he was a member of the UK Executive Committee and elected Board. He is also a Director of several private companies.

Philip Hulme (60)

Non-Executive

Philip founded Computacenter with Peter Ogden in 1981 and worked for the Company on a full-time basis until stepping down as Executive Chairman in 2001. He is a Director of Dealogic (Holdings) plc and was previously a Vice President and Director of the Boston Consulting Group.

Ian Lewis (48)

Non-Executive

Ian is Director of the University Computing Service at the University of Cambridge. During his career he has held a number of senior positions, including First Vice President and Global Chief Technology Officer of Merrill Lynch's Investment Banking and Sales division and Global CTO at Dresdner Kleinwort Wasserstein Investment Banking.

Cliff Preddy (61)

Non-Executive

Cliff has worked in the IT industry for most of his professional career, including many years as an Executive Director of Logica plc. He is currently Chairman of Charteris plc and was a Non-Executive Director of CODASciSys plc from 1997 until 2006, including six years as Chairman.

Corporate governance statement

Compliance statement

The Board remains committed to the principles of good corporate governance and supports the best practice guidelines contained within the FRC Combined Code on Corporate Governance (the Code) as published in June 2006. This statement explains the Company's governance policies and practices and sets out how the principles of the Code have been applied. The Board confirms that, save as detailed below, the Company has complied with section one of the Code, throughout the financial year.

Board of Directors

Composition

At the year-end the Board consisted of two Executive Directors: Mike Norris and Tony Conophy and six Non-Executive Directors: Greg Lock (Chairman), Philip Hulme, Ian Lewis, Peter Ogden, John Ormerod and Cliff Preddy. Ron Sandler served as the Chairman until his resignation on 18 February 2008, at which time Cliff Preddy, as the Senior Independent Director, was appointed as the interim Chairman. The Nominations Committee led an appointment process and engaged an external agency to assist in the identification and selection of candidates for the role of Chairman. On 27 May 2008 the Company announced that Greg Lock would be appointed Chairman, with effect from 1 July 2008. In addition to his appointment with the Company, Greg Lock is also Chairman of Kofax plc and is a Non-Executive Director of private technology companies Liberata Limited and Target Group Limited. There were no further changes to the Board during the year. Details of the current Directors, including their membership of Committees, are set out below and their biographies appear on page 23. The Board consider that Greg Lock was independent on appointment and that Ian Lewis, John Ormerod and Cliff Preddy are also independent under the provisions of the Code. Cliff Preddy is the Senior Independent Director. At all times throughout the year the Company had at least two independent Non-Executive Directors appointed to the Board.

Roles and responsibilities of the Board

The Board has responsibility for the overall management and performance of the Group; it sets the Company's strategic aims, ensuring that sufficient resources are in place to meet these objectives. The Board reviews the performance of senior management in order to ensure that they are meeting the agreed objectives. The Directors set appropriate values and standards, ensuring that obligations to shareholders and other stakeholders are understood and met and that a satisfactory dialogue with shareholders is maintained. A framework of prudent and effective controls exists to ensure that risks are properly identified, assessed and managed.

The roles of Chairman and Chief Executive are separate and their responsibilities are clearly defined in writing and approved by the Board. In summary, the Chairman's role is to lead and manage the Board. The Chairman facilitates the contribution of all Directors and is responsible for ensuring constructive relations between them. The Chief Executive is responsible for the day-to-day management of the Group's activities and execution of the strategy approved by the Board. There is no individual or group of individuals who dominate the Board's decision making processes. The Board believes that it oversees the Group effectively and is proactive in its approach.

There is a documented schedule of matters that are reserved for the Board and these matters include the approval of major capital expenditure and the agreement of strategies and budgets. This schedule is reviewed and updated by the Board annually.

Board effectiveness

Upon joining the Board, all Directors receive a comprehensive induction programme, tailored to their requirements. Directors receive an induction pack which contains information on the Group's business, its structure and operations, the Board procedures, various corporate governance-related matters and details of Directors' duties and responsibilities. As part of the induction programme, all new Directors meet with senior management and meetings are arranged with major shareholders.

All Directors receive appropriate documentation in advance of each Board and Committee meeting, including detailed briefings on all matters where the Board is required to reach a decision, as well as regular reports on the performance of the Group. Senior management frequently present to the Board on the results and strategies of their respective business units, thus ensuring the Board remain familiar with key elements of the business and the management of the Group.

The Board is subject to an annual performance review, which is led by the Chairman and covers the effectiveness of the Board as a whole, its individual Directors and its Committees. The performance review takes into account a wide range of factors, including strategic and operational matters, corporate governance, risk management and shareholder advocacy. Each Director is required to complete a questionnaire, followed by one-to-one meetings with the Chairman. The information from the questionnaires and interviews is compiled into a report and presented to the Board. The performance of the Chairman is assessed by the Non-Executive Directors, led by the Senior Independent Director. All Directors provide feedback

Name	PLC Board	Independent	Audit Committee	Remuneration Committee	Nominations Committee
Greg Lock ¹	Chairman	On appointment	No	Yes	Chairman
Ron Sandler ²	Chairman	No	No	Yes	Chairman
Mike Norris	Executive	No	No	No	No
Tony Conophy	Executive	No	No	No	No
Philip Hulme	Non-Executive	No	No	No	No
Ian Lewis	Non-Executive	Yes	Yes	Yes	Yes
Peter Ogden	Non-Executive	No	No	No	No
John Ormerod	Non-Executive	Yes	Chairman	Yes	Yes
Cliff Preddy	Senior Independent Director	Yes	Yes	Chairman	Yes
Stephen Benadé	Secretary	Not applicable	Secretary	Secretary	Secretary

¹ Greg Lock was appointed to the Board on 1 July 2008.

² Ron Sandler resigned from the Board on 18 February 2008.

Board of Directors continued

on the performance of the Chairman. This process was undertaken during 2008, with the completed reports presented in early 2009.

Board support

The Group Company Secretary is responsible for advising the Board on all corporate governance matters and for ensuring that all Board procedures are followed, applicable rules and regulations are complied with and the Board is updated on regulatory and governance matters. All Directors have access to the advice and services of the Company Secretary.

A procedure is in place to enable Directors to obtain independent professional advice, at the Company's expense, where they believe it is important to the furtherance of their duties. Before incurring professional fees, the relevant Director must inform the Chairman and Company Secretary. No such advice was sought by any Director during the year.

Board meetings

The attendance of the Directors at scheduled Board and Committee meetings held during 2008 was as follows:

Director	Board Meetings	Audit Committee	Remuneration Committee	Nominations Committee
Number of scheduled meetings held	9	6	2	4
Executive				
Mike Norris, Chief Executive	9	n/a	n/a	n/a
Tony Conophy, Finance Director	9	n/a	n/a	n/a
Non-Executive				
Greg Lock, Chairman ¹	5	n/a	–	–
Ron Sandler, Chairman ²	1	n/a	–	1
Philip Hulme	7	n/a	n/a	n/a
Ian Lewis	8	5	2	3
Peter Ogden	7	n/a	n/a	n/a
John Ormerod	9	6	2	4
Cliff Preddy, Senior Independent Director	9	6	2	4

¹ Greg Lock was appointed to the Board on 1 July 2008.

² Ron Sandler resigned from the Board on 18 February 2008.

Occasionally, unscheduled Board meetings are required to conclude matters considered at a previous meeting or to address an imperative issue. Two such meetings were convened during 2008 and all of the Directors appointed at the time were present at both meetings, with the exception of Philip Hulme, who was unable to attend one of the meetings.

It is inevitable that there will be occasions when circumstances arise to prevent Directors from attending meetings. In such circumstances, the absent Director will review the Board papers and raise any considerations on specific issues with the Chairman. In 2007, Philip Hulme notified the Board that he was unable to attend a number of Board meetings and requested that his remuneration be pro-rated, per meeting he attended. This arrangement continued into 2008, and for the meetings he did not attend, he reviewed all Board papers and minutes and raised any considerations with the Chairman.

In addition to the formal Board and Committee meetings, the Chairman meets with the Non-Executive Directors, individually and as a group, without the other Executive Directors being present, at least once a year.

Directors

The Company arranges insurance cover in respect of legal action against the Directors and to the extent allowed by legislation, the Company has granted an indemnity to Directors against claims brought by third parties.

All Directors are subject to election at the first Annual General Meeting after appointment and are required to retire by rotation, at least every three years. Those Non-Executive Directors who have served for more than nine years are obliged to offer themselves for re-election annually.

Board committees

The principal Board committees are the Audit Committee, Remuneration Committee and Nominations Committee. The Terms of Reference for each committee can be obtained from the Company's website or from the Company Secretary, by request. The composition and main responsibilities of the committees are detailed below:

Audit Committee

Throughout 2008, the Audit Committee consisted of three independent Non-Executive Directors; John Ormerod (Chairman), Ian Lewis and Cliff Preddy. During the year, the Committee met on six occasions and attendance at those meetings is set out in the table above. The Chairman, Group Finance Director, Group Internal Audit Manager, Group Risk Manager, Group Financial Controller and the external auditor are routinely invited to, and attend the majority of meetings. Periodically, the Committee also meets privately with the external auditors and the Group Internal Audit Manager. The Board believes that the members of the Committee have sufficient skills, qualifications and experience to discharge its duties, in accordance with the Terms of Reference. The Board is satisfied that at least one member of the Committee has relevant and recent financial experience. The Terms of Reference for the Committee are reviewed annually to ensure that they are in line with current best practice.

The Committee's key duties include to:

- review the effectiveness of the external audit process. This includes considering the scope and cost effectiveness of the audit; the procedures implemented to maintain the independence and objectivity of the auditors; and to make recommendations regarding the appointment and removal of the auditors;

Board Committees continued

- review and receive reports from management and the auditors on the Group's annual and interim financial statements and to review any other published financial information. This includes consideration of the Group's accounting policies and compliance with legislative and regulatory requirements;
- receive reports on the Group's systems of internal control and risk management, from the Group's management, internal audit and external auditors and to review and report their effectiveness to the Board;
- evaluate and monitor the effectiveness of the internal audit function;
- review the Company's business ethics policy and to ensure procedures are in place for an appropriate investigation, following any concerns that may be raised by staff;
- review annually the Group's tax and treasury policies; and
- evaluate the effectiveness of the Committee, including its performance and constitution.

Nominations Committee

Members: Greg Lock (Chairman), Ian Lewis, John Ormerod and Cliff Preddy.

In compliance with the Code, the majority of the Committee is made up of independent Non-Executive Directors. Ron Sandler served as the Chairman until his resignation on 18 February 2008, at which point Cliff Preddy became the interim Committee Chairman, until the appointment of Greg Lock on 1 July 2008. The Committee convened four times during 2008 and the members' attendance at those meetings, is set out on page 25.

The Committee is responsible for reviewing the Board's composition, skills, knowledge and experience, and nominating candidates for both Executive and Non-Executive Directorships, on the basis of merit and objective criteria. It also ensures that the procedures for the appointment of new Directors are formal, rigorous and transparent and that there is an orderly succession for appointments to the Board and senior management.

During 2008, the Committee led the process for the appointment of the Board Chairman. Initially a review of the current skills, knowledge and experience of the Board was undertaken and a description of the required capabilities, experience and skills was produced. The Committee appointed an external agency to identify possible candidates against the criteria provided by the Committee. A shortlist of possible candidates was presented to the Board and each Board member met individually with the candidates and provided feedback to the Committee. The Nomination Committee then considered each candidate and made a recommendation to the Board, which was approved.

Remuneration Committee

Members: Cliff Preddy (Chairman), Ian Lewis, John Ormerod and Greg Lock.

In line with the Code, the majority of the members of this Committee are independent Non-Executive Directors. Ron Sandler served the Remuneration Committee until his resignation on 18 February 2008. Greg Lock was appointed a member of the Committee on 1 July 2008. The Chief Executive generally attends the Committee meetings by invitation. The Committee convened twice in 2008 and the attendance of the members is set out on page 25.

The Committee is responsible for the Group's policy on executive remuneration and decides on the specific packages of the Executive Directors and senior management. Further information on the Remuneration Committee and its activities can be found in the Directors' Remuneration Report on pages 28 to 32.

Directors' remuneration

The principles and details of Directors' remuneration are contained in the Directors' Remuneration Report on pages 28 to 32.

Relations with shareholders

The Board appreciates the importance of maintaining regular communication with its shareholders and the Group has an established programme of communication, based on the Group's financial reporting calendar. In addition to this programme, the Executive Directors have regular contact with institutional shareholders. The Board receive regular reports on the meetings with, and other feedback from, the Company's major shareholders, in order to ensure that they have a comprehensive understanding of their views. Cliff Preddy, as Senior Independent Non-Executive Director, is available to address any shareholder queries that are unable to be resolved through regular channels.

All of the Directors attend the Annual General Meeting and are available to answer any questions that shareholders may have. In addition to mandatory information, a full and balanced explanation of the business of all general meetings is sent in advance to shareholders. The Board welcomes the attendance of individual shareholders at general meetings and the opportunity to communicate directly with investors and to address their questions. Resolutions at the Company's general meetings have been passed on a show of hands and proxies for and against each resolution (together with any abstentions) are announced at such meetings, noted in the minutes, available on the Company's website and notified to the market.

Internal controls

The Board has overall responsibility for maintaining and reviewing the Group's systems of internal control, ensuring that these are prudent and robust and enabling risks to be appropriately assessed and managed. Systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss.

The Board conducts an annual review of the effectiveness of the systems of internal control, including financial, operational and compliance controls and risk management systems. Where material weaknesses have been identified, safeguards are implemented and monitored.

All systems of internal control are designed to continuously identify, evaluate and manage significant risks faced by the Group. The key elements of the Group's controls are as follows:

Internal controls continued

Responsibilities and authority structure

The Board has overall responsibility for making strategic decisions and there is a written schedule of matters reserved for the Board. The Group Executive Committee meets on a regular basis to discuss the day-to-day operational matters. Separate Executive Committees have been established for each of the Group's operations in the UK, France and Germany. A flat reporting structure is maintained across the Group, with clearly defined responsibilities for operational and financial management.

Control environment

The Group operates authorisation and approval processes throughout all of its operations. Access controls exist where processes have been automated to ensure the security of data. Management information systems have been developed to identify risks and to enable assessment of the effectiveness of the systems of internal control. Accountability is reinforced and further scrutiny of costs and revenues encouraged, by the linking of staff incentives to customer satisfaction and profitability.

Planning and reporting processes

A three-year strategic plan is prepared or updated annually and reviewed by the Board. A comprehensive budgetary process is completed annually and is subject to the approval of the Board. Performance is monitored through a rigorous and detailed financial and management reporting system, by which monthly results are compared to budgets, the previous year and the agreed targets. The results and explanations for variances are regularly and routinely reported to the Board. Appropriate action is taken where variances arise.

Risk management

Specialists within the Risk and Insurance Department monitor developments and ensure compliance with legislative and regulatory requirements, including consideration of the Turnbull Guidelines. A comprehensive risk management programme is developed and monitored by the Risk Committee, the members of which include senior operational managers and the Group Internal Audit Manager. Further information on the Group's risks can be found within the Risk Report on page 19. Through a programme of assessment, appropriate measures and systems of control are maintained. Detailed business interruption contingency plans are in place for all key sites and these are regularly tested.

Capital expenditure and investments

Procedures exist and authority levels are documented to ensure that capital expenditure is properly appraised and authorised. Cases for all investment projects are reviewed and approved at divisional level. Major investment projects are subject to approval by the Board.

Centralised treasury function

All cash payments and receipts are managed by centralised finance functions within each of the operating companies. Weekly reporting of cash balances to the Group Finance Department ensures that the position of the Group, as a whole, is properly controlled. The management of liquidity and borrowing facilities for customer specific requirements, ongoing capital expenditure and working capital of the business is undertaken by the Group Finance Director with regular reporting to the Board. Counterparty risks are being monitored more closely in the current environment and information is reported regularly to the Board.

Quality and integrity of staff

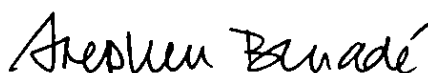
Rigorous recruitment procedures are in place to ensure that new employees are of a suitable calibre. Management continuously monitors training requirements and annual appraisal procedures are in place, to ensure that required standards are maintained. Resource requirements are identified by managers and reviewed by the relevant national Executive Committee. The Company has a comprehensive business ethics policy in place and should an employee be found in breach of the policy, appropriate disciplinary actions are applied.

Internal audit

The Group has an internal audit function led by the Group Internal Audit Manager who reports to the Chairman of the Audit Committee.

The Board, acting through the Audit Committee, has directed the work of Internal Audit towards those areas of the business, that are considered to be of the highest risk. The Audit Committee approves a rolling audit programme, ensuring that all significant areas of the business are independently reviewed within at least a three-year period. The programme and the findings of the reviews are continually assessed to ensure they take account of the latest information and in particular, the results of the annual review of internal controls. The effectiveness of the Internal Audit Department and the Group's risk management programme are reviewed annually by the Audit Committee.

By order of the Board



SJ Benadé

Company Secretary
9 March 2009

Directors' remuneration report

This report has been prepared by the Remuneration Committee ('the Committee') and approved by the Board. It sets out the policy and disclosures on Directors' remuneration as required by the Directors' Remuneration Report Regulations 2002, contained within schedule 7A of the Companies Act 1985. Parts of this report have been audited by the Company's auditors Ernst & Young LLP, in accordance with the requirements of the Companies Act 1985. The audited sections are identified within the report. A resolution to approve this report will be proposed at the forthcoming Annual General Meeting of the Company.

Remuneration Committee and advisors

All of the independent Non-Executive Directors were members of the Committee throughout 2008, and the attendance of Cliff Preddy (Chairman), Ian Lewis and John Ormerod at Committee meetings, can be found in the Corporate Governance Statement on page 25. Ron Sandler served as a member of the Remuneration Committee, until his resignation on 18 February 2008. Greg Lock was appointed a member of the Committee on 1 July 2008, when he was appointed to the Board. Mike Norris generally attends the Committee meetings by invitation. The Committee's terms of reference are available for public inspection, either on the Company's website or by request from the Company Secretary. During the year, the Remuneration Committee received external advice from Deloitte & Touche LLP (Deloitte), who undertook an independent benchmark review of the Executive Directors' and senior executives' remuneration levels. In addition, Directors and employees of the Group, who provided material advice or services to the Committee during the year were:

Mike Norris	CEO
Stephen Benadé	Group Company Secretary
Barry Hoffman	HR Director

The Committee considers comparative practice in the European technology sector, FTSE techMARK 100 and FTSE SmallCap companies.

Remuneration policy

The Committee reviews and determines, on behalf of the Board, the overall remuneration policy of the Executive Directors, Chairman and with advice from the Chief Executive Officer, the senior executives. No individual is involved in deciding his own remuneration. The Executive Directors make recommendations for approval by the Board concerning the fees for Non-Executive Directors that reflect the time, commitment and responsibilities of their roles.

The Company's remuneration policy is designed to reward Executive Directors with remuneration arrangements that are competitive, but not excessive and which further align the interests of the Directors and shareholders. The policy is designed to ensure that a significant proportion of the total remuneration is dependent upon the Group's financial performance, over the fiscal year as well as over extended periods. These objectives are achieved through a combination of base salary and benefits including performance related annual bonuses, a defined contribution pension scheme and share incentive schemes.

Remuneration benchmarking

The Remuneration Committee commissioned an independent review of the Executive Directors' and senior executives' remuneration levels, which was undertaken by Deloitte and encompassed all elements of the remuneration policy. The results of the review were available to the Remuneration Committee in late 2008 and confirmed that total compensation for Executive Directors is broadly in line with market practice.

Basic salary and benefits

Each Director's salary is reviewed annually, in order to ensure that the basic salary and benefits remain appropriate. During the review, the Committee considers various factors including performance and relevant market practices on pay, as well as conditions affecting the Group generally. For 2008, the Board as a whole agreed that no Director would receive a base salary increase during the year. The Remuneration Committee met in early 2009 and have again agreed that no Executive Director will receive a base salary increase during 2009.

The Executive Directors receive benefits in line with those offered to employees throughout the Group, including the provision of a car allowance, life insurance, personal accident insurance and the opportunity to participate in the Group's Save as You Earn scheme (SAYE), as well as participation in the flexible benefits scheme (Benefits Choice).

Performance-related bonus scheme

The Executive Directors participate in an annual performance-related bonus scheme, which for 2008, had a maximum threshold of 75% of base salary. The level of bonus payable is dependent on the achievement of Group financial performance targets and specific personal objectives. Regarding the award for 2008, up to 37.5% of base salary was linked to the profit performance of the Group against a pre-agreed target, and up to 45% of base salary was related to the achievement of specific personal objectives agreed with each Director, for the

The main elements of Executive Directors' remuneration for 2008 are shown below:

	Fixed	Performance	
Element:	Fixed basic salary	Performance based bonus	Performance Share Plan
Maximum Award:		75% of base salary	100% of base salary
Purpose:	Reflects competitive salary levels and takes account of personal contribution and performance	Rewards the delivery of Group operational performance and achievement of personal objectives	Improved motivation for senior executives to contribute to growth and profitability and better align the Company's incentive arrangements with shareholders' interests
Performance Standard:	Individual contribution	50% of the maximum bonus potential based on the achievement of specific Group annual financial performance targets, with the balance based on specific individual targets, approved by the Remuneration Committee each year	EPS growth, relative to RPI

Performance-related bonus scheme continued

year, by the Chairman or Chief Executive, as appropriate, and approved by the Committee. In all cases the actual bonus paid would not exceed 75% of base salary.

For 2008, Mike Norris earned £124,688 (2007: £235,000) representing 35% of the maximum and Tony Conophy earned £78,750 (2007: £142,000) representing 35% of the maximum.

Following the remuneration benchmarking (as described on the previous page) the Remuneration Committee have reviewed the bonus arrangements for 2009 and have recommended some changes to the bonus structure. The first change relates to the weighting of the bonus objectives with a much higher percentage being dependent on the financial performance of the Group. For 2009, 75% of the Executive Directors' bonuses will be linked to the financial performance of the Group against pre-agreed targets, with 25% of the bonus being dependent on the achievement of specific personal objectives. In addition, the maximum level of bonus for the Chief Executive will increase from 75% to 100% of base salary with the increased bonus opportunity driven by more demanding targets.

Pension

The Executive Directors participate in the Computacenter Pension Scheme, a defined contribution salary sacrifice scheme, under which a maximum annual Company contribution of £5,400 per employee is payable, based on basic salary. The scheme also allows employees to make additional salary sacrifices, which the Company may contribute to the scheme, on their behalf.

Share incentive schemes

Share incentive schemes are considered to be an important part of the executive remuneration policy, designed to support management retention and motivation, whilst aligning senior management's interests with those of shareholders.

The details of the historical grants and associated performance conditions are set out in the table of Directors' interests in share options on pages 31 to 32.

Performance Share Plan

The Performance Share Plan 2005 (PSP), is the Company's primary long-term incentive scheme for Executive Directors and senior employees. The Committee approves grants under this scheme once a year although further grants may be made in appropriate circumstances.

The absolute maximum value of shares that may be awarded under the plan to an employee in a financial year is 2 times base salary. The value of the grants historically have been below 1 times base salary. The Committee agreed that awards made to the Executive Directors in 2008 would be in the range of 0.75 to 1 times base salary.

During 2008, the Committee reviewed the performance share plan and considered market practices within the IT sector, in relation to the limits on levels of awards granted. To provide additional flexibility, the Committee is seeking approval at the forthcoming Annual General Meeting to increase the plan limits to 2 times salary, which could be exceeded in exceptional circumstances to a maximum of 3 times base salary. The Committee agreed that the policy for awards made to the Executive Directors would remain in the range of 0.75 to 1 times base salary, for annual grants

Awards under this plan are subject to performance conditions, as detailed below:

For 2008, the PSP performance target was based on the

Group's annual adjusted earning per share (EPS) growth in relation to the retail price index (RPI) and measured over a three-year period. This arrangement applies throughout the Group, except in France, where a two-year measurement period applies, with a further condition that the shares are held for an additional two-year holding period, in order to gain favourable tax treatment. No shares subject to awards will vest if cumulative annual growth is less than RPI plus 3%. One quarter of the shares will vest at RPI plus 3%. Awards will vest in full if the Group's cumulative annual growth is at or above RPI plus 7.5%. If the Group's EPS growth over the period is between 3% and 7.5% above RPI, awards will vest on a straight-line basis between those limits. There will be no retesting of the performance target.

EPS has been chosen as a performance measure as it is widely used and is considered a transparent yardstick. EPS is calculated on a pre-exceptional, diluted basis.

The Committee has reviewed the performance criteria in order to ensure that these remain sufficiently challenging in light of market expectations and in comparison to market practice. It has been agreed that the performance conditions for the annual grant made in 2009, will remain the same.

Over the last year, the Committee reviewed the current level of incentivisation. The Committee made several recommendations regarding the operation of the PSP Scheme, one of which was to increase the individual limits set on the level of awards (as above). In addition, the Committee proposed an additional grant for 2009 only, which would be made to six senior executives, including the Executive Directors. This award, if made, will be subject to a significantly more challenging performance condition than the annual grant and is designed not only to incentivise but to provide an aspirational target.

Share options

The Company also operates the Computacenter Employee Share Option Scheme 2007 ('the scheme'). As the PSP is the primary long-term incentive scheme, the Committee intends that the scheme be used only in limited circumstances. During 2008, one participant received a grant of options under this scheme. No options were granted to the Executive Directors in 2008; however the Executive Directors have historically been awarded share options under the Company's previous share option schemes and details of these grants can be found in the table of Directors' interests in share options, on pages 31 and 32.

The maximum number of options that can be awarded under the scheme will remain 3 times base salary, although this can be exceeded in exceptional circumstances. Where grants are made to Executive Directors, a maximum of 1.25 times base salary will remain the Company guideline.

Should further grants be made under the scheme in 2009, any applicable performance conditions will be subject to review by the Committee, taking account of prevailing market conditions, Group plans and objectives.

Dilution limits

The Company uses a mixture of both new issue and market purchase shares to satisfy awards under both the option and PSP schemes, with the SAYE scheme currently being satisfied by new issue shares. In line with best practice, the use of new issue or treasury shares to satisfy awards made under all share schemes, is restricted to 10% in any 10 year rolling period, with a further restriction for discretionary schemes of 5% in the same period. As at the year-end, the potential dilution from awards under all share plans was approximately 5.38% and the potential dilution from awards under the discretionary schemes was approximately 2.06%.

Directors' remuneration report continued

Directors' contracts

Director	Contract/letter of appointment start date	Expiry date	Unexpired term (months) ¹ as at 9 March 2009	Notice period (months)
Executive				
Mike Norris	23/04/1998	n/a	none specified	12
Tony Conophy	23/04/1998	n/a	none specified	12
Non-Executive				
Greg Lock	01/07/2008	2011 AGM	26	3
Philip Hulme	05/05/2006	2009 AGM	2	3
Ian Lewis	15/06/2006	2009 AGM	2	3
Peter Ogden	05/05/2006	2009 AGM	2	3
John Ormerod	31/10/2006	2009 AGM	2	3
Cliff Preddy	16/05/2008	2011 AGM	26	3

¹ Calculated as at 9 March 2009, assuming that future Annual General Meetings will be held in May each year, and further assuming re-election where required to retire at earlier Annual General Meetings, in accordance with the Company's Articles of Association.

All Executive Directors have a rolling 12 month service contract with the Company, which is subject to 12 months' notice by either the Company or the Director. No contractual arrangements are in place, which guarantee additional payments upon termination of employment by the Company. All service contracts provide for summary termination in the event of gross misconduct.

Executive Directors are permitted to hold outside directorships, subject to approval by the Chairman, and Executive Directors are permitted to retain any fees paid for such services. During the year, Mike Norris served as a Non-Executive Director of Triage Limited and received a fee of £24,000.

The Non-Executive Directors have not entered into service contracts with the Company. They each operate under a letter of appointment which sets out their terms, duties and responsibilities. Non-Executive Directors are appointed for an initial term, which runs to the conclusion of the third Annual General Meeting following their appointment and may be renewed at that point for a further three-year term.

All Directors must offer themselves for re-election by shareholders in general meeting at least every three years, in accordance with the Company's Articles of Association.

Performance graph

Computacenter's shares are quoted on the London Stock Exchange and the Committee has deemed the FTSE Software & Computer Services share index as the appropriate comparator, against which to assess Total Shareholder Return performance.

The performance of the Group over the last five financial years, in relation to other relevant UK-quoted shares, is shown in the graph below:

Total Shareholder Return performance

Computacenter versus FTSE Software and Computer Services sector

Audited information

The Directors' remuneration and Directors' interests in share incentive schemes detailed in the tables below and overleaf, and their associated notes, are subject to audit.

Directors' remuneration

	Basic salary and fees £	Performance related bonuses £	Total 2008 £	Total 2007 £
Executive				
Mike Norris	475,000	124,688	599,688	710,000
Tony Conophy	314,661	78,750	393,411	456,382
Non-Executive				
Greg Lock ¹	70,000	–	70,000	–
Ron Sandler ²	15,538	–	15,538	377,201
Philip Hulme ³	27,200	–	27,200	20,400
Ian Lewis	34,000	–	34,000	34,000
Peter Ogden	34,000	–	34,000	34,000
John Ormerod ⁴	47,000	–	47,000	47,000
Cliff Preddy ⁵	61,737	–	61,737	39,500
	1,079,136	203,438	1,282,574	1,718,483

1 Greg Lock was appointed Non-Executive Chairman on 1 July 2008.

2 Ron Sandler stepped down as an Executive Director on 10 July 2007 and resigned from the Board on 18 February 2008.

3 Philip Hulme was paid per meeting he attended during 2007 and 2008.

4 John Ormerod receives an additional annual fee of £13,000 for his services as Chairman of the Audit Committee.

5 Cliff Preddy receives an additional annual fee of £5,500 for his services as Chairman of the Remuneration Committee. In addition Cliff Preddy acted as Chairman of the Company between 19 February 2008 and 1 July 2008, for this period he received a salary increase of £22,237.

Interests in share incentive schemes*Directors who resigned prior to the year-end*

		Exercise/ share price (p)			At 1 January 2008	Granted during the year	Exercised during the year	Lapsed	At 31 December 2008
Director	Scheme type		Exercise dates	Note					
Ron Sandler ¹	Options	333.50	20/03/2004 – 19/03/2011	1	150,000	–	–	150,000	–
		333.50	20/03/2005 – 19/03/2011	1	150,000	–	–	150,000	–
		333.50	20/03/2006 – 19/03/2011	1	200,000	–	–	200,000	–
		322.00	10/04/2005 – 09/04/2012	3	91,226	–	–	91,226	–
		266.50	21/03/2006 – 20/03/2013	5	117,260	–	–	117,260	–
		266.50	21/03/2007 – 20/03/2013	5	200,000	–	–	200,000	–
		424.00	02/04/2007 – 01/04/2014	6	76,650	–	–	76,650	–
Total					985,136	–	–	985,136	–
	PSP	245.00	01/04/2009 – 01/10/2009	7	109,351	–	–	109,351	–
		285.25	01/04/2010 – 01/10/2010	8	94,004	–	–	94,004	–
Total					203,355	–	–	203,355	–

1 Ron Sandler stepped down as an Executive Director on 10 July 2007 and resigned from the Board on 18 February 2008.

Directors' remuneration report continued

Interests in share incentive schemes continued

Current Executive Directors

Director	Scheme type	Exercise/ share price (p)	Exercise dates	Note	At 1 January 2008	Granted during the year	Exercised during the year	Lapsed	At 31 December 2008
Mike Norris		322.00	10/04/2005 – 09/04/2012	3	122,670	–	–	–	122,670
		266.50	21/03/2006 – 20/03/2013	5	194,652	–	–	194,652	–
		395.00	01/12/2008 – 31/05/2009	2	4,012	–	–	–	4,012
		424.00	02/04/2007 – 01/04/2014	6	126,768	–	–	–	126,768
Total					448,102	–	–	194,652	253,450
	PSP	245.00	01/04/2009 – 01/10/2009	7	181,500	–	–	–	181,500
		285.25	01/04/2010 – 01/10/2010	8	156,026	–	–	–	156,026
		187.00	01/04/2011 – 01/10/2011	9	–	223,930	–	–	223,930
Total					337,526	223,930	–	–	561,456
Tony Conophy		322.00	10/04/2005 – 09/04/2012	1,4	9,316	–	–	–	9,316
		322.00	10/04/2005 – 09/04/2012	3	66,770	–	–	–	66,770
		266.50	21/03/2006 – 20/03/2013	5	121,951	–	–	121,951	–
		424.00	02/04/2007 – 01/04/2014	6	79,599	–	–	–	79,599
		178.00	01/12/2012 – 31/05/2013	2	9,438	–	–	–	9,438
Total					287,074	–	–	121,951	165,123
	PSP	245.00	01/04/2009 – 01/10/2009	7	117,861	–	–	–	117,861
		285.25	01/04/2010 – 01/10/2010	8	101,319	–	–	–	101,319
		187.00	01/04/2011 – 01/10/2011	9	–	136,364	–	–	136,364
Total					219,180	136,364	–	–	355,544

The Company's Non-Executive Directors are not invited, or permitted, to participate in any of the Company's Employee Share Schemes.

Notes

- 1 Issued under the terms of the Computacenter Employee Share Option Scheme 1998.
- 2 Issued under the terms of the Computacenter Sharesave Plus Scheme, which is available to all employees and full time Executive Directors of the Computacenter Group.
- 3 Issued under the terms of the Computacenter Performance Related Share Option Scheme 1998. The options become exercisable if the average annual compound growth in the Group's earnings per share (on a post-investment in the Biomni joint venture, diluted basis) compared to the base year of 2001, is at least equal to the RPI plus 5% in any of the three, four or five year periods up to and including 2004, 2005 or 2006 respectively.
- 4 Exercisable on the condition that the average annual compound growth in the Group's earnings per share (on a post-investment in the Biomni joint venture, diluted basis) compared to the base year of 2001, is at least equal to the RPI plus 5% in any of the three, four or five year periods up to and including 2004, 2005 or 2006 respectively.
- 5 Issued under the terms of the Computacenter Performance Related Share Option Scheme 1998. The options become exercisable if the average annual compound growth in the Group's earnings per share (on a post-investment in the Biomni joint venture, diluted basis) compared to the base year of 2002, is at least equal to the RPI plus 5% in any of the three, four or five year periods up to and including 2005, 2006 or 2007 respectively.
- 6 Issued under the terms of the Computacenter Performance Related Share Option Scheme 1998. The options become exercisable if the average annual compound growth in the Group's earnings per share (on a post-investment in the Biomni joint venture, diluted basis) compared to the base year of 2003, is at least equal to the RPI plus 5% in any of the three, four or five year periods up to and including 2006, 2007 or 2008 respectively.
- 7 Issued under the terms of the Computacenter Performance Share Plan 2005. One quarter of the shares will vest if the average annual compound growth in the Group's earnings per share is at least equal to RPI plus 3% over the three consecutive financial years starting on 1 January 2006 and ending on 31 December 2008, compared to the base year of 2005. Awards will vest in full if the Group's cumulative annual growth is at or above RPI plus 7.5%. If the Group's earnings per share growth over the period is between 3% and 7.5% above RPI, awards will vest on a straight-line basis.
- 8 Issued under the terms of the Computacenter Performance Share Plan 2005. One quarter of the shares will vest if the average annual compound growth in the Group's earnings per share is at least equal to RPI plus 3% over the three consecutive financial years starting on 1 January 2007 and ending on 31 December 2009, compared to the base year of 2006. Awards will vest in full if the Group's cumulative annual growth is at or above RPI plus 7.5%. If the Group's earnings per share growth over the period is between 3% and 7.5% above RPI, awards will vest on a straight-line basis.
- 9 Issued under the terms of the Computacenter Performance Share Plan 2005. One quarter of the shares will vest if the average annual compound growth in the Group's earnings per share is at least equal to RPI plus 3% over the three consecutive financial years starting on 1 January 2008 and ending on 31 December 2010, compared to the base year of 2007. Awards will vest in full if the Group's cumulative annual growth is at or above RPI plus 7.5%. If the Group's earnings per share growth over the period is between 3% and 7.5% above RPI, awards will vest on a straight-line basis.

The market price of the ordinary shares at 31 December 2008 was 90.00p. The highest price during the year was 209.00p and the lowest was 66.50p.

Stephen Benadé

SJ Benadé
Company Secretary
9 March 2009

● Report of the Directors

The Directors present their report and the audited financial statements of Computacenter plc and its subsidiary companies ('the Group') for the year ended 31 December 2008.

Principal activities

The Company is a holding company. The principal activities of the Group, of which it is the parent, are the supply, implementation, support and management of information technology systems.

Business Review

The Companies Act 2006 requires the Group to prepare a business review which can be found on pages 1 to 22 and as such should be considered part of the Directors' Report. The review includes information about the Group's operations, financial performance throughout the year and likely developments, key performance indicators, principal risks and information regarding the Group's sustainable development.

Corporate governance

Under Disclosure and Transparency Rule 7.2, the Company is required to include a Corporate Governance Statement in its Directors' Report. All relevant information on the corporate governance practices of the Company are set out in the Corporate Governance Statement on pages 24 to 27, which is incorporated in this Report by reference.

Results and dividends

The Group's activities resulted in a profit before tax of £39.5 million (2007: £42.1 million). The Group profit for the year available to shareholders amounted to £37.3 million (2007: £28.9 million).

The Directors recommend a final dividend for the year of 5.5p per share totalling £8.1 million (2007: £8 million). Dividends are recognised in the accounts in the year in which they are paid, or in the case of a final dividend, when approved by the shareholders. As such, the amount recognised in the 2008 accounts, as described in note 11, is made up of last year's final dividend (5.5p per share) and the interim dividend (2.7p per share) of this year.

The final ordinary dividend for 2008, if approved at the forthcoming Annual General Meeting (AGM), will be paid on 11 June 2009 to those shareholders on the register as at 15 May 2009. The Company paid an interim dividend of £4.0 million on 16 October 2008.

Directors and Directors' authority

The Directors who served throughout the year ended 31 December 2008 were Tony Conophy, Philip Hulme, Ian Lewis, Mike Norris, John Ormerod, Peter Ogden and Cliff Preddy. Ron Sandler served as Chairman of the Company until his resignation, effective 18 February 2008. Greg Lock was appointed Chairman on 1 July 2008. Brief biographical details of the Directors at the date of this report are given on page 23.

John Ormerod will retire by rotation at the forthcoming AGM and being eligible, will offer himself for re-election. Greg Lock, having been appointed since the last AGM, will retire and offer himself for re-election. Philip Hulme and Peter Ogden, having served as Directors for more than nine years, will also retire and offer themselves for re-election at the AGM.

The Company's Articles of Association provide for a Board of Directors consisting of not fewer than three but not more than 20 Directors, who manage the business and affairs of the Company. The Directors may appoint additional or replacement Directors, who shall serve until the next AGM of the Company at which point they will be required to stand for election by the members. At each AGM one-third of the Directors are required to retire by rotation and they may stand for re-election. A Director may be removed from office at a general meeting by the passing of an Ordinary Resolution (provided special notice has been given).

Members have previously approved a Resolution to give the Directors authority to allot shares and a renewal of this authority is proposed at the 2009 AGM. This authority allows the Directors to allot shares up to the maximum amount stated in the Notice of the Annual General Meeting (approximately one-third of the issued share capital) and this authority would generally expire at the following AGM. In addition, the Company may not allot shares for cash (unless pursuant to an employee share scheme) without first making an offer to existing shareholders in proportion to their existing holdings. This is known as pre-emption rights. A Resolution to allow a limited dis-application of these pre-emption rights, has been passed by the members previously and a renewal of this authority is proposed for the 2009 AGM. This authority is also restricted to a specific amount (as detailed in the Notice of Annual General Meeting), which is approximately 5% of the issued share capital. This authority generally expires at the conclusion of the following AGM.

The Company may only amend its Articles of Association by passing a Special Resolution in general meeting. The Company amended its Articles of Association at last year's AGM, in order to bring them in line with those provisions of the Companies Act 2006, which had come into effect and it is anticipated they will require further amendment at the 2010 AGM.

Directors' indemnities

The Company has granted indemnities to each of its Directors to the extent permitted by law and these indemnities remain in force at the date of this report. The indemnities are uncapped and cover all costs, charges, losses and liabilities the Directors may incur to third parties, in the course of acting as Directors of the Company or its subsidiaries.

Report of the Directors continued

Directors' interests in shares

The interests of the Directors in the share capital of the Company at the beginning and end of the year are set out below:

	At 31 December 2008		At 1 January 2008 or as at date of appointment	
	Number of ordinary shares Beneficial	Number of ordinary shares Non-beneficial	Number of ordinary shares Beneficial	Number of ordinary shares Non-beneficial
Executive Directors				
Mike Norris	1,204,158	–	1,204,158	–
Tony Conophy	2,058,044	–	1,758,505	–
Non-Executive Directors				
Greg Lock ¹	200,000	–	–	–
Ron Sandler ²	–	–	62,500	–
Philip Hulme	19,291,770	9,143,921	19,291,770	9,143,921
Ian Lewis	45,000	–	30,000	–
Peter Ogden	35,335,636	979,166	35,335,636	979,166
John Ormerod	5,000	–	5,000	–
Cliff Preddy	14,166	–	4,166	–

¹ Greg Lock was appointed to the Board on 1 July 2008.

² Ron Sandler resigned from the Board on 18 February 2008.

Between 31 December 2008 and 9 March 2009 there have been no changes to the interests detailed above.

Major interests in shares

In addition to the Directors' interests set out above, as at 9 March 2009, the Company had been notified, in accordance with the Financial Services Authority's Disclosure and Transparency Rules, of the following substantial interests in the Company's issued ordinary share capital.

	Number of ordinary shares held	% of issued share capital
Fidelity International Ltd (Indirect)	7,592,428	4.96
Legal & General Group Plc (Direct)	6,114,940	3.99
Lloyds TSB Group Plc (Indirect)	5,381,288	3.37

Capital structure

As at 9 March 2009, there were 153,021,420 fully paid ordinary shares in issue, all of which have full voting rights. Awards made in France, under the Performance Share Plan are subject to a two year holding period and during this period the shares are held in a nominee account on behalf of the employees. Under the holding agreement employees are not able to transfer these shares during the holding period.

Pursuant to the Company's share schemes, there are two employee trusts which, as at the year-end, held a total of 6,556,774 ordinary shares of 6p, representing 4.28% of the issued share capital. The voting rights attaching to these shares are not exercisable directly by the employees, but are exercisable by the Trustees. However, in line with good practice, the Trustees do not exercise these voting rights.

In the event of another company taking control of the Company, the employee share schemes operated by the Company have set change of control provisions. Participants may, in certain circumstances, be allowed to exchange their options for options of equivalent value over shares in the acquiring company. Alternatively the options may vest early, in which case, early vesting under the executive schemes will be pro-rated accordingly and under the Sharesave scheme, employees will only be able to exercise the option, to the extent of their accumulated savings.

The Company was granted authority at the 2008 AGM, to make market purchases of up to 15,480,242 ordinary shares of 6p. This authority will expire at the 2009 AGM, where approval from shareholders will be sought to renew the authority. During 2008, 5.3 million ordinary shares of 6p were purchased for cancellation, at a total consideration of £9.5 million. All shares purchased within the year were cancelled and this represented 3.36% of the issued share capital of the Company.

Significant agreements

The Group has various borrowing facilities provided primarily by Barclays Bank plc, the most significant of which is a £60 million secured credit facility signed in May 2008. These agreements include a change of control provision, which may result in the facility being withdrawn or amended upon a change of control of the Group. In addition to financing arrangements, the Board considers that there are a number of agreements with suppliers which are significant to the business, namely with HP, IBM, Microsoft, Sun and Lenovo.

Creditor's payment policy

The Company does not hold any trade creditor balances. However, it is the policy of the Group that each of the businesses should agree appropriate terms and conditions with suppliers (ranging from standard written terms to individually negotiated contracts) and that payment should be in accordance with those terms and conditions, provided that the supplier has also complied with them. Group creditor days amounted to 45 (2007: 42).

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Finance Director's Review on pages 14 to 18.

Employee share schemes

The Company operates executive share option schemes and a performance-related option scheme for the benefit of employees. During the year, 40,000 options over ordinary shares of 6p were granted, under the executive share option schemes (2007: 670,400). At the year-end, options remained outstanding under these schemes in respect of a total of

Employee share schemes continued

4,421,506 ordinary shares of 6p each (2007: 6,786,041 ordinary shares). During the year, no options over shares were exercised and options over 2,404,535 shares lapsed.

The Company also operates a Performance Share Plan (PSP) to incentivise employees. During the year, 1,635,160 ordinary shares of 6p were conditionally awarded (2007: 1,140,160). At the year-end, awards over 3,624,497 shares remained outstanding under this scheme (2007: 2,530,077 ordinary shares). During the year, awards over 177,594 shares were transferred to participants and awards over 363,146 shares lapsed.

In addition, the Company operates a Sharesave scheme for the benefit of employees. At the year-end 3,043,897 (2007: 4,164,980) options granted under the Sharesave scheme remained outstanding.

Corporate sustainable development

The Board recognises that acting in a socially responsible way benefits the community, our customers, shareholders, the environment and employees alike. Further information can be found in the Sustainable Development Report on pages 20 to 22.

Health, safety and environment

It remains the policy of the Group that each business maintains the high standards necessary to safeguard the health and safety of its employees, customers, contractors and the public. This commitment is formally contained in the Health and Safety Policy Statement, which is available from the Company's website at www.computacenter.com/corporate-responsibility or upon request. The Group's Health, Safety and Environment (HSE) Department monitors and reviews all procedures and policies, utilising the advice of external consultants, where necessary, in order to ensure the management systems comply with current legal requirements. Further objectives in relation to the maintenance of appropriate health, safety and environment standards are detailed in the Sustainable Development Report on pages 20 to 22.

Equal opportunities

The Group takes the issues of equality and diversity very seriously and is committed to equal opportunities, monitoring and regularly reviewing policies and practices to ensure that it meets current legislative requirements, as well as Computacenter's own internal standards. The Group is committed to make full use of the talents and resources of all its employees and to provide a healthy environment that encourages good and productive working relationships within the organisation. Policies dealing with equal opportunities are in place, in all parts of the Group, which take account of the Group's overall commitment and also addresses local regulatory requirements. Further information can be found in the Sustainable Development Report on pages 20 to 22.

Employee involvement

Computacenter remains committed to involving all employees in significant business issues, particularly matters that affect their work and working environment. Employee involvement is undertaken through a variety of methods including team briefings, intranet, electronic mail and in-house publications. The primary method is through team briefings, where managers are tasked with ensuring that information sharing, discussion and feedback happen on a regular basis. Employee Consultative Forums exist in each country, to consult staff on major issues affecting employment and matters of policy and to enable management to seek the views and opinions of employees on a wide range of business matters. Should there be transnational issues to discuss, a facility exists to engage a European Forum made up of representatives from country Forums.

Performance and personal development

The Group is committed to the development of its employees through a regular performance review process. Managers are responsible for setting and reviewing personal objectives aligned to corporate and functional goals, reviewing performance against behavioural standards appropriate to job level, agreeing appropriate training and development interventions, and discussing career aspirations. The Group Executive Committee has overall responsibility for monitoring management development and ensuring that the required skills are available to meet the current and future management needs of the Group. At divisional and functional level, review processes exist to ensure that there is breadth and depth of management talent throughout the business.

Computacenter's reward strategy is reviewed regularly and continues to emphasise performance-related pay, particularly for more senior managers, with bonus payments aligned to financial performance.

In 2008, the UK business successfully completed an assessment, and retained the Investor in People accreditation that had originally been awarded in 2005.

Key performance indicators (KPIs)

Performance and operational KPIs can be found on pages 1 and 3 of the Report and Accounts. The Board considers employee driven attrition rates as a KPI in relation to employee issues. For the year ended 31 December 2008 this figure was 13.67% (2007: 17.34%). Further KPIs on employee and environmental matters can be found within the Corporate Sustainable Development Report on pages 20 to 22.

Workplace

International human rights obligations and international employment laws are met through a broad range of policies across the Group. These ensure that, for example, employees are not subject to discrimination, arbitrary or unjust dismissal or unjust application of wage rates. Further information on this can be found in the Sustainable Development Report on pages 20 to 22.

Business ethics

An ethics policy is operated by the Group, which commits Computacenter employees to the highest standards of ethical behaviour in respect of customers, suppliers, colleagues and other stakeholders in the business. The policy includes a requirement for all employees to report abuses or non-conformance with the policy ('whistle-blowing') and sets out the procedures to be followed.

Community relations and charity activities

The Group supports community and charitable projects as part of its commitment to corporate social responsibility and encourages its employees to support such projects. It also organises and supports ad-hoc charitable fundraising events. In addition, the donation of IT equipment to schools and other charitable causes is a feature of the Group's recycling programmes. Further information on the Group's community initiatives can be found within the Sustainable Development Report on pages 20 to 22. In 2008 the Group made charitable donations amounting to £87,000.

Going concern

Details of the Group's liquidity risk and going concern position are set out on page 18 of the Finance Director's Review. After making due enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements.

Report of the Directors continued

Auditors

Ernst & Young LLP has expressed its willingness to continue in office as auditor and a resolution approving the re-appointment of Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming AGM.

Directors' responsibilities

Statement of Directors' responsibilities in relation to the consolidated financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable company law and those International Financial Reporting Standards as adopted by the European Union.

The Directors are required to prepare financial statements for each financial year which present fairly the financial position of the Group and the results and cash flows of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Group or Company will continue in its business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the accounts comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence, taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all steps a Director might reasonably be expected to have taken, to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Responsibility Statement

- The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit for the Company and undertakings included in the consolidation taken as a whole.
- Pursuant to the Disclosure and Transparency Rules, pages 1 to 22 of the Company's Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board



M.J. Norris
Chief Executive



FA Conophy
Finance Director

9 March 2009

● Independent auditor's report to the members of Computacenter plc

We have audited the Group financial statements of Computacenter plc for the year ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 31. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Parent Company financial statements of Computacenter plc for the year ended 31 December 2008 and on the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view and whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Director's remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements. The other information comprises only the Chairman's Statement, Operating Review, Finance Director's Review, Risk Management Report, Corporate Sustainable Development Report, Corporate Governance Statement, the Directors' Report and the unaudited part of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' report is consistent with the Group financial statements.

Ernst & Young LLP
Registered auditor
Luton
9 March 2009

Consolidated income statement

For the year ended 31 December 2008

Financials

Computacenter plc Annual report and accounts 2008

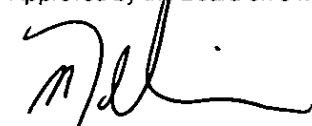
	Note	2008 £'000	2007 £'000
Revenue	3	2,560,135	2,379,141
Cost of sales		(2,205,276)	(2,053,333)
Gross profit		354,859	325,808
Distribution costs		(20,268)	(18,344)
Administrative expenses		(288,418)	(263,750)
Operating profit:	4		
Before amortisation of acquired intangibles and exceptional items		46,173	43,714
Amortisation of acquired intangibles		(525)	(613)
Exceptional items	5	(3,046)	-
Operating profit		42,602	43,101
Finance revenue	7	3,095	3,910
Finance costs	8	(6,161)	(4,952)
Profit before tax:			
Before amortisation of acquired intangibles and exceptional items		43,107	42,672
Amortisation of acquired intangibles		(525)	(613)
Exceptional items		(3,046)	-
Profit before tax		39,536	42,059
Income tax expense:			
Before exceptional items		(10,571)	(13,161)
Exceptional tax items	5	8,377	-
Income tax expense	9	(2,194)	(13,161)
Profit for the year		37,342	28,898
Attributable to:			
Equity holders of the parent	10	37,337	28,888
Minority interests		5	10
		37,342	28,898
Earnings per share	10		
- basic		24.7p	18.5p
- diluted		24.2p	18.2p

Consolidated balance sheet

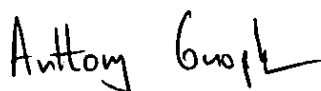
As at 31 December 2008

	Notes	2008 £'000	2007 £'000
Non-current assets			
Property, plant and equipment	12	123,315	116,444
Intangible assets	13	51,551	45,185
Deferred income tax asset	9	16,672	8,190
		191,538	169,819
Current assets			
Inventories	16	105,831	110,535
Trade and other receivables	17	529,501	454,155
Prepayments		53,766	27,936
Accrued income		43,942	33,445
Cash and short-term deposits	18	53,372	29,211
		786,412	655,282
Total assets		977,950	825,101
Current liabilities			
Trade and other payables	19	378,721	336,971
Deferred income		115,274	74,686
Financial liabilities	20	96,154	74,363
Forward currency contracts		644	369
Income tax payable		10,275	7,899
Provisions	22	2,100	2,180
		603,168	496,468
Non-current liabilities			
Financial liabilities	20	41,809	34,652
Provisions	22	9,565	12,225
Other non-current liabilities		615	1,685
Deferred income tax liabilities	9	1,582	1,875
		53,571	50,437
Total liabilities		656,739	546,905
Net assets		321,211	278,196
Capital and reserves			
Issued capital	25	9,181	9,504
Share premium	25	2,890	2,890
Capital redemption reserve	25	74,950	74,627
Own shares held	25	(11,169)	(11,380)
Foreign currency translation reserve	25	26,368	1,507
Retained earnings		218,970	201,035
Shareholders' equity		321,190	278,183
Minority interest		21	13
Total equity		321,211	278,196

Approved by the Board on 9 March 2009



MJ Norris
Chief Executive



FA Conophy
Finance Director

Consolidated statement of changes in equity

For the year ended 31 December 2008

	Attributable to equity holders of the parent						Total £'000	Minority interest £'000	Total equity £'000
	Issued capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Foreign currency translation reserve £'000	Retained earnings £'000			
At 1 January 2007	9,571	2,247	74,542	(2,503)	(2,455)	183,700	265,102	27	265,129
Exchange differences on retranslation of foreign operations	-	-	-	-	3,962	-	3,962	-	3,962
Net income recognised directly in equity	-	-	-	-	3,962	-	3,962	-	3,962
Profit for the year	-	-	-	-	-	28,888	28,888	10	28,898
Total recognised income and expenses for the year	-	-	-	-	3,962	28,888	32,850	10	32,860
Cost of share-based payment	-	-	-	-	-	2,659	2,659	-	2,659
Exercise of options	18	643	-	49	-	-	710	-	710
Purchase of own shares	-	-	-	(11,332)	-	-	(11,332)	-	(11,332)
Cancellation of own shares	(85)	-	85	2,406	-	(2,406)	-	-	-
Equity dividends	-	-	-	-	-	(11,806)	(11,806)	-	(11,806)
Acquisition of minority interests	-	-	-	-	-	-	-	(24)	(24)
	(67)	643	85	(8,877)	3,962	17,335	13,081	(14)	13,067
At 31 December 2007	9,504	2,890	74,627	(11,380)	1,507	201,035	278,183	13	278,196
At 1 January 2008	9,504	2,890	74,627	(11,380)	1,507	201,035	278,183	13	278,196
Exchange differences on retranslation of foreign operations	-	-	-	-	24,861	-	24,861	3	24,864
Net income recognised directly in equity	-	-	-	-	24,861	-	24,861	3	24,864
Profit for the year	-	-	-	-	-	37,337	37,337	5	37,342
Total recognised income and expenses for the year	-	-	-	-	24,861	37,337	62,198	8	62,206
Cost of share-based payment	-	-	-	-	-	2,525	2,525	-	2,525
Exercise of options	-	-	-	298	-	(298)	-	-	-
Purchase of own shares	-	-	-	(9,695)	-	-	(9,695)	-	(9,695)
Cancellation of own shares	(323)	-	323	9,608	-	(9,608)	-	-	-
Equity dividends	-	-	-	-	-	(12,021)	(12,021)	-	(12,021)
	(323)	-	323	211	24,861	17,935	43,007	8	43,015
At 31 December 2008	9,181	2,890	74,950	(11,169)	26,368	218,970	321,190	21	321,211

Consolidated cash flow statement

For the year ended 31 December 2008

41

Financials

Computacenter plc Annual report and accounts 2008

	Notes	2008 £'000	2007 £'000
Operating activities			
Profit before taxation		39,536	42,059
Net finance costs		3,066	1,042
Depreciation		36,719	27,130
Amortisation		4,764	3,547
Share-based payment		2,525	2,659
Loss on disposal of property, plant and equipment		526	190
Impairment of intangible assets		3,046	86
Loss on disposal of intangible assets		48	-
Decrease/(increase) in inventories		19,793	(8,724)
Increase in trade and other receivables		(34,844)	(1,470)
Increase/(decrease) in trade and other payables		16,190	(19,976)
Other adjustments		(760)	(218)
Cash generated from operations		90,609	46,325
Income taxes paid		(6,052)	(13,853)
Net cash flow from operating activities		84,557	32,472
Investing activities			
Interest received		3,884	3,885
Acquisition of subsidiaries, net of cash acquired		-	(32,600)
Sale of property, plant and equipment		30	336
Purchases of property, plant and equipment		(10,065)	(8,620)
Purchases of intangible assets		(14,278)	(5,619)
Acquisition of minority interests		-	(30)
Net cash flow from investing activities		(20,429)	(42,648)
Financing activities			
Interest paid		(7,254)	(5,333)
Dividends paid to equity shareholders of the parent		(12,021)	(11,806)
Proceeds from share issues		-	661
Purchase of own shares		(9,695)	(11,332)
Repayment of capital element of finance leases		(25,713)	(12,195)
Repayment of loans		(28,633)	(11,103)
New borrowings		46,610	19,832
Increase/(decrease) in factor financing		12,763	(8,743)
Net cash flow from financing activities		(23,943)	(40,019)
Increase/(decrease) in cash and cash equivalents		40,185	(50,195)
Effect of exchange rates on cash and cash equivalents		(562)	(1,521)
Cash and cash equivalents at the beginning of the year	18	7,266	58,982
Cash and cash equivalents at the year-end	18	46,889	7,266

Analysis of changes in net debt

	At 1 January 2008 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2008 £'000
Cash and cash equivalents	7,266	40,185	-	(562)	46,889
Factor financing	(23,453)	(12,763)	-	(6,064)	(42,280)
Net (debt)/funds excluding customer-specific financing	(16,187)	27,422	-	(6,626)	4,609
Finance leases	(47,642)	25,713	(27,657)	(5,605)	(55,191)
Other loans	(15,975)	(17,977)	-	(57)	(34,009)
Net debt	(79,804)	35,158	(27,657)	(12,288)	(84,591)

www.computacenter.com

Notes to the consolidated financial statements

For the year ended 31 December 2008

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Directors on 9 March 2009. The balance sheet was signed on behalf of the Board by MJ Norris and FA Conophy. Computacenter plc is a limited company incorporated and domiciled in England whose shares are publicly traded.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2008 and applied in accordance with the Companies Act 1985.

2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Computacenter plc and its subsidiaries as at 31 December each year. The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using existing GAAP in each country of operation. Adjustments are made on consolidation translating any differences that may exist between the respective local GAAPs and IFRS.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer retains control.

Minority interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented separately within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

New standards and interpretations not applied

During the year, the IASB and IFRIC have issued the following standards and interpretations which are expected to have implications for the reporting of the financial position or performance of the Group or which will require additional disclosures in future financial years.

IFRS 8 Operating Segments

This standard is effective for financial years beginning on or after 1 January 2009 which is when the Group will adopt the requirements of the standard. IFRS 8 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (geographical) and secondary (business) reporting segments of the Group.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported

results in the period that the acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cashflows, IAS 12 Income Taxes, IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to take advantage of this possibility.

IFRS 2 Share based payment (revised)

The IASB issued an amendment to IFRS 2 in January 2008 that clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. Management do not expect this amendment to have a material impact on the Group results or financial position.

IAS 1 Presentation of Financial Statements – a revised presentation

In September 2007, the IASB issued Amendments to IAS 1 'Presentation of Financial Statements – A Revised Presentation', which requires separate presentation of owner and non-owner changes in equity by introducing the statement of comprehensive income. The statement of recognised income and expense will no longer be presented. Whenever there is a restatement or reclassification, an additional balance sheet, as at the beginning of the earliest period presented, will be required to be published. The revised standard is effective for annual periods beginning on or after 1 January 2009 and the Group will adopt it from that date. There will be no effect on the Group's reported income or net assets. IAS 1 Revised has been adopted by the EU.

Critical judgements and estimates

The preparation of the Group's financial statements requires management to make judgements on how to apply the Group's accounting policies and make estimates about the future. Due to the inherent uncertainty in making these critical judgements and estimates, actual outcomes could be different.

The more significant judgements and estimates, where a risk exists that a material adjustment to the carrying value of assets and liabilities in the next financial year could occur, relate to:

- revenue recognition where, on a limited number of support and managed services contracts, an estimate of the total contract costs is required to determine the stage of completion;
- estimation of residual value of assets owned to support certain contracts;
- impairment of intangible assets and goodwill, which is based upon estimates of future cash flows and discount rates for the relevant cash-generating units;
- recognition of deferred tax assets in respect of losses carried forward, which are dependent upon estimates of future profitability of certain Group companies; and
- other estimated tax positions, where the decisions of tax authorities are uncertain.

Further information is provided within this note summarising significant accounting policies, and notes 9 and 14 to the financial statements.

2 Summary of significant accounting policies continued

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation, down to residual value, is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Freehold buildings	25–50 years
Short leasehold improvements	shorter of 7 years and period to expiry of lease
Fixtures and fittings	
– Head office	5–15 years
– Other	shorter of 7 years and period to expiry of lease
Office machinery, computer hardware	2–15 years
Motor vehicles	3 years

Freehold land is not depreciated. An item of property, plant and equipment 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Leases

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Intangible assets

Software and software licences

Software and software licences include computer software that is not integral to a related item of hardware. These assets are stated at cost less accumulated amortisation and any impairment in value. Amortisation is calculated on straight-line basis over the estimated useful life. Currently software is amortised over four years.

The carrying values of software and software licences are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Software under development

Costs that are incurred and that can be specifically attributed to the development phase of management information systems for internal use are capitalised and amortised over their useful life, once the asset becomes available for use.

Other intangible assets

Intangible assets acquired as part of a business are carried initially at fair value. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives with charges included in administrative expenses as follows:

Existing customer contracts	Period to the end of the acquired contract
Existing customer relationships	10 years
Tools and technology	7 years

Trademarks are not amortised. The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill

Business combinations on or after 1 January 2004 are accounted for under IFRS 3 using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised. Goodwill recognised on acquisitions prior to 1 January 2004, the date of transition to IFRS, is recorded at its amortised cost at transition to IFRS and is no longer amortised. Any goodwill asset arising on the acquisition of equity accounted entities is included within the cost of those entities.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or statutory company level as the case may be. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

Goodwill arising on acquisitions prior to 31 December 1997 remains set off directly against reserves even if the related investment becomes impaired or the business is disposed of.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where an asset does not have independent cash flows, the recoverable amount is assessed for the cash-generating unit to which it belongs. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the asset or cash-generating unit. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.



Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

Financial assets

Financial assets are recognised at their fair value which initially equates to the consideration given plus directly attributable transaction costs associated with the investment.

Inventories

Inventories are carried at the lower of weighted average cost and net realisable value after making allowance for any obsolete or slow moving items. Costs include those incurred in bringing each product to its present location and condition, on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Trade and other receivables

Trade receivables, which generally have 30–90 day terms, are recognised and carried at their original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts where a right of set-off exists.

Interest-bearing borrowings

All borrowings are initially recognised at fair value less directly attributable transaction costs. Borrowing costs are recognised as an expense when incurred.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

De-recognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations. Forward contracts are initially recognised at fair value on the date that the contract is entered into and are subsequently remeasured at fair value at each reporting date. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Forward contracts are recorded as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on forward contracts are taken directly to the income statement.

Foreign currency translation

The Group's presentation currency is Pounds Sterling (£). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

The functional currencies of the overseas subsidiaries are Euro (€) and US Dollar (US\$). As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rates for the year. Since 1 January 2004, the date of transition to IFRS, exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

2 Summary of significant accounting policies continued

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses, can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

VAT

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- trade receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates given to customers, VAT and other sales tax or duty. The following specific recognition criteria must also be met before revenue is recognised:

Product

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods.

Professional Services

Revenue is recognised when receivable under a contract following delivery of a service or in line with the stage of work completed.

Support and Managed Services

Contracted service revenue is recognised on a percentage

of completion basis. Usually revenue is recognised on a straight-line basis, when this is representative of the stage of completion of an individual contract. Unrecognised contracted revenue is included as deferred income in the balance sheet. Amounts invoiced relating to more than one period are deferred and recognised over their relevant life.

On a limited number of Support and Managed Service contracts recognising revenue on a straight-line basis is not representative of the stage of completion. On these contracts, the stage of completion is determined by reference to the costs incurred as a proportion of the total estimated costs of the contract and unbilled revenue is recognised within accrued income. If a contract cannot be reliably estimated revenue is recognised only to the extent that costs have been incurred. Provision is made as soon as a loss is foreseen.

Where a contract contains several elements, the individual elements are accounted for separately where appropriate.

Finance revenue

Revenue is recognised as interest accrues.

Dividends

Revenue is recognised when the Group's right to receive payment is established.

Operating leases

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

Pensions and other post-employment benefits

The Group operates a defined contribution scheme available to all UK employees. Contributions are recognised as an expense in the income statement as they become payable in accordance with the rules of the scheme. There are no material pension schemes within the Group's overseas operations.

Employee benefits

In accordance with IAS 19, the Group provides for accumulating holiday pay. The cost is measured as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Exceptional items

The Group presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Share-based payment transactions

Employees (including Executive Directors) of the Group can receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value of the award at the date at which they are granted. The fair value is determined by utilising an appropriate valuation model, further details of which are given in note 26. In valuing equity-settled transactions, no account is taken of any performance conditions as none of the conditions set are market-related ones.

Notes to the consolidated financial statements continued

2 Summary of significant accounting policies continued

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. As the schemes do not include any market-related performance conditions, no expense is recognised for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 10).

The Group has an employee share trust for the granting of non-transferable options to executives and senior employees. Shares in the Group held by the employee share trust are treated as investment in own shares and are recorded at cost as a deduction from equity (see note 25).

The Group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards and has applied IFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested on or before 1 January 2005.

Own shares held

Computacenter plc shares held by the Group are classified in shareholders' equity as 'own shares held' and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

3 Segmental analysis

The Group's primary reporting format is geographical segments and its secondary format is business segments. The Group's geographical segments are determined by the location of the Group's assets and operations. The Group's business in each geography is managed separately and held in separate statutory entities.

Each geographical business contains the following three business segments:

- the Product segment supplies computer hardware and software to large and medium corporate and government customers and to other distributors. It includes the resale of third party services for which the Group retains no risks or rewards post sale;
- the Professional Services segment provides technical and project management skills to enable customers in the corporate and government sectors to implement and integrate new technologies into their infrastructures; and
- the Support and Managed Services segment provides an outsourcing service for specific areas of infrastructure management to customers in the corporate and government sectors.

The sale of goods is reported in the Product segment. The rendering of services is reported in the Professional Services and Support and Managed Services segments.

Transfer prices between geographical segments are set on an arm's length basis in a manner similar to transactions with third parties. The impact of inter-segment sales on operating profit by segment is not significant.

3 Segmental analysis continued

Geographical segments

The following tables present revenue, expenditure and certain asset information regarding the Group's geographical segments for the years ended 31 December 2008 and 2007.

	UK £'000	Germany £'000	France £'000	Benelux £'000	Total £'000
Year ended 31 December 2008					
Revenue					
Sales to external customers	1,391,177	830,740	308,210	30,008	2,560,135
Inter-segment sales	9,063	10,268	2,517	2,203	24,051
Segment revenue	1,400,240	841,008	310,727	32,211	2,584,186
Result					
Gross profit	198,226	114,439	38,821	3,373	354,859
Distribution costs	(11,924)	(4,360)	(3,748)	(236)	(20,268)
Administrative expenses	(155,072)	(94,074)	(36,040)	(3,232)	(288,418)
Operating result before amortisation of acquired intangibles and exceptional items	31,230	16,005	(967)	(95)	46,173
Amortisation of acquired intangibles	(481)	(44)	–	–	(525)
Exceptional items	(1,922)	–	(1,124)	–	(3,046)
Segment operating result	28,827	15,961	(2,091)	(95)	42,602
Net finance income/(expense)	180	(1,532)	(1,643)	(71)	(3,066)
Profit before tax	29,007	14,429	(3,734)	(166)	39,536
Income tax expense					(2,194)
Profit for the year					37,342
Assets and liabilities					
Total segment assets	641,233	244,587	71,094	4,364	961,278
Unallocated assets					16,672
Total assets					977,950
Total segment liabilities	322,078	205,837	110,306	5,661	644,882
Unallocated liabilities					11,857
Total liabilities					656,739
Other segment information					
Capital expenditure:					
Property, plant and equipment	28,725	7,663	1,105	229	37,772
Intangible fixed assets	11,903	1,067	1,308	–	14,278
Depreciation	27,715	7,804	1,078	122	36,719
Amortisation	2,816	827	1,121	–	4,764
Share-based payments	2,009	334	182	–	2,525

Notes to the consolidated financial statements continued

3 Segmental analysis continued

	UK £'000	Germany £'000	France £'000	Benelux £'000	Total £'000
Year ended 31 December 2007					
Revenue					
Sales to external customers	1,357,305	708,581	285,698	27,557	2,379,141
Inter-segment sales	13,094	19,529	1,373	4,014	38,010
Segment revenue	1,370,399	728,110	287,071	31,571	2,417,151
Result					
Gross profit	197,185	94,202	31,501	2,920	325,808
Distribution costs	(10,572)	(3,700)	(3,855)	(217)	(18,344)
Administrative expenses	(152,175)	(79,428)	(29,400)	(2,747)	(263,750)
Operating result before amortisation of acquired intangibles	34,438	11,074	(1,754)	(44)	43,714
Amortisation of acquired intangibles	(481)	(132)	–	–	(613)
Segment operating result	33,957	10,942	(1,754)	(44)	43,101
Net finance income/(expense)	2,536	(1,842)	(1,613)	(123)	(1,042)
Profit before tax	36,493	9,100	(3,367)	(167)	42,059
Income tax expense					(13,161)
Profit for the year					28,898
Assets and liabilities					
Total segment assets	574,985	181,827	56,379	3,720	816,911
Unallocated assets					8,190
Total assets					825,101
Total segment liabilities	282,647	152,531	96,377	5,575	537,130
Unallocated liabilities					9,775
Total liabilities					546,905
Other segment information					
Capital expenditure:					
Property, plant and equipment	42,914	12,759	648	67	56,388
Intangible fixed assets	3,195	2,239	185	–	5,619
Depreciation	22,319	4,705	–	106	27,130
Amortisation	2,985	451	111	–	3,547
Share-based payments	2,197	326	136	–	2,659

Business segments

The following tables present revenue information regarding the Group's business segments for the years ended 31 December 2008 and 2007.

	Product £'000	Professional Services £'000	Support and Managed Services £'000	Total £'000
Year ended 31 December 2008				
Revenue				
Sales to external customers	1,875,857	181,219	503,059	2,560,135
Inter-segment sales	5,093	2,350	16,608	24,051
Segment revenue	1,880,950	183,569	519,667	2,584,186

3 Segmental analysis continued

	Product £'000	Professional Services £'000	Support and Managed Services £'000	Total £'000
Year ended 31 December 2007				
Revenue				
Sales to external customers	1,774,164	158,488	446,489	2,379,141
Inter-segment sales	7,563	9,559	20,888	38,010
Segment revenue	1,781,727	168,047	467,377	2,417,151

Business segments provide the Group with common business performance reporting across geographical segments that are structured and organised differently. Due to invoice bundling and shared service and business support structures, revenue and gross profit involves allocation judgements. Each geographical segment principally consists of a single entity with shared assets, liabilities and capital expenditure. Investment decisions are made either at the level of or within a geographical segment, but are not made at a business segment level. It is, therefore, not possible to split out assets, liabilities and capital expenditure information by business segments.

4 Group operating profit

This is stated after charging:

	2008 £'000	2007 £'000
Auditors' remuneration:		
Audit of the financial statements	420	411
Other fees to auditors – local statutory audits for subsidiaries	77	75
– taxation services	104	159
	601	645
Depreciation of property, plant and equipment	36,719	27,130
Loss on disposal of property, plant and equipment	526	190
Exceptional items (note 5)	3,046	-
Amortisation of intangible assets	4,764	3,547
Net foreign currency differences	740	354
Costs of inventories recognised as an expense	1,683,433	1,573,072
Operating lease payments – minimum lease payments	42,259	40,829

5 Exceptional items

	2008 £'000	2007 £'000
Operating profit		
Impairment of intangible assets – software	(1,124)	-
– trademarks	(1,922)	-
	(3,046)	-
Income tax		
Adjustment following agreement of certain items for earlier years	3,611	-
Changes in recoverable amounts of deferred tax assets	4,766	-
	8,377	-

The forecasted cash flows for Computacenter France do not support the value of the non-current assets in the business. An exceptional impairment has been recognised in 2008 in relation to additions to intangible assets relating to the Group ERP programme that can be specifically allocated to the French cash-generating unit.

After the year-end a decision was reached to cease using the Digica brand following the integration of the Digica operations into those of Computacenter (UK) Limited. An exceptional impairment of the trademark, generated at the time of acquisition, has been recognised accordingly.

Notes to the consolidated financial statements continued

5 Exceptional items continued

The tax charge for the year contains two items which, due to their size, are disclosed separately, as follows:

- during the year agreement was reached on certain significant items for earlier years;
- the deferred tax asset in respect of losses in Germany was re-assessed in line with management's view of the entity's future performance. Where the reassessment exceeds of the losses utilised in the year, the change in the recoverable amount of the deferred tax asset is shown as an exceptional item.

6 Staff costs and Directors' emoluments

	2008 £'000	2007 £'000
Wages and salaries	402,681	370,994
Social security costs	61,355	54,842
Pension costs	14,877	14,279
	478,913	440,115

Included in wages and salaries is a total charge for share-based payments of £2,525,000 (2007: £2,659,000), all of which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year was made up as follows:

	2008 No.	2007 No.
UK	4,958	4,888
Germany	4,047	3,879
France	1,014	992
Benelux	198	144
	10,217	9,903

7 Finance revenue

	2008 £'000	2007 £'000
Bank interest receivable	2,753	3,876
Income from investments	342	34
	3,095	3,910

8 Finance costs

	2008 £'000	2007 £'000
Bank loans and overdrafts	595	850
Finance charges payable on customer specific financing	4,029	2,025
Finance costs on factoring	1,336	1,775
Other interest	201	302
	6,161	4,952

9 Income tax

a) Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Tax charged in the income statement		
<i>Current income tax</i>		
UK corporation tax	11,881	13,420
Foreign tax	673	113
Adjustments in respect of prior periods	(4,028)	(385)
Total current income tax	8,526	13,148
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(2,379)	(1,372)
Losses utilised	4,841	3,417
Effect of changes in tax rate on deferred tax	-	(49)
Effect of changes in tax rate on German deferred tax asset	-	635
Changes in recoverable amounts of deferred tax assets	(4,145)	(2,747)
Exceptional changes in recoverable amounts of deferred tax assets	(4,766)	-
Adjustments in respect of prior periods	(117)	129
Total deferred tax	(6,332)	13
Tax charge in the income statement	2,194	13,161

9 Income tax continued

b) Reconciliation of the total tax charge

	2008 £'000	2007 £'000
Accounting profit before income tax	39,536	42,059
At the UK standard rate of corporation tax of 28.5% (2007: 30%)	11,268	12,618
Expenses not deductible for tax purposes	806	643
Exceptional expenses not deductible for tax purposes	548	-
Relief on share option gains	-	(78)
Non-deductible element of share-based payment charge	719	506
Exceptional adjustments in respect of income tax of previous periods	(3,611)	-
Adjustments in respect of current income tax of previous periods	(300)	(256)
Higher tax on overseas earnings	664	859
Effect of changes in tax rate on deferred tax	-	(49)
Other differences	(104)	(149)
Effect of change in rate of overseas deferred tax asset	-	635
Changes in recoverable amounts of deferred tax assets	(4,145)	(2,747)
Exceptional changes in recoverable amounts of deferred tax assets	(4,766)	-
Losses of overseas undertakings not available for relief	1,115	1,179
At effective income tax rate of 5.5% (2007: 31.3%)	2,194	13,161

As a consequence of the UK corporation tax rate change from 30% to 28% on 6 April 2008, corporation tax is calculated at 28.5% of the estimated assessable profit for the year.

c) Tax losses

Deferred tax assets of £13.5 million (2007: £6.9 million) have been recognised in respect of losses carried forward. Where deferred tax assets have been reassessed in excess of the losses utilised in the year, the change in the recoverable amount of the deferred tax asset is shown as an exceptional item in the income tax expense for the year, due to the material nature and expected infrequency of this reassessment.

In addition, at 31 December 2008, there were unused tax losses across the Group of £212.0 million (2007: £169.6 million) for which no deferred tax asset has been recognised. Of these losses, £138.8 million (2007: £116.5 million) arise in Germany, albeit a significant proportion have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

d) Deferred tax

Deferred income tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
<i>Deferred income tax liabilities</i>				
Accelerated capital allowances	689	860	(171)	(338)
Effect of changes in tax rate on opening liability	(77)	(80)	(77)	(80)
Revaluations of foreign exchange contracts to fair value	-	-	-	(51)
Arising on acquisition	970	1,095	(125)	(144)
Gross deferred income tax liabilities	1,582	1,875		
<i>Deferred income tax assets</i>				
Relief on share option gains	397	475	78	(297)
Timing differences	2,798	767	(2,035)	(307)
Effect of changes in tax rate on opening liability	-	(31)	(31)	31
Revaluations of foreign exchange contracts to fair value	(27)	72	99	(72)
Losses available for offset against future taxable income	13,504	4,654	(4,766)	1,130
Fair value adjustments on acquisition	-	2,253	696	141
Gross deferred income tax assets	16,672	8,190		
Deferred income tax charge			(6,332)	13
Net deferred income tax asset	15,090	6,315		

At 31 December 2008, there was no recognised or unrecognised deferred income tax liability (2007: £nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief.

Notes to the consolidated financial statements continued

10 Earnings per ordinary share

Earnings per share (EPS) amounts are calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (excluding own shares held).

Diluted earnings per share amounts are calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (excluding own shares held) adjusted for the effect of dilutive options.

Adjusted basic and adjusted diluted EPS are presented to provide more comparable and representative information. Accordingly the adjusted basic and adjusted diluted EPS figures exclude amortisation of acquired intangibles and exceptional items.

	2008 £'000	2007 £'000
Profit attributable to equity holders of the parent	37,337	28,888
Amortisation of acquired intangibles	525	613
Tax on amortisation of acquired intangibles	(150)	(184)
Exceptional items within operating profit	3,046	–
Exceptional items within the total tax charge for the year:		
– adjustment following agreement of certain items for earlier years	(3,611)	–
– changes in recoverable amounts of deferred tax assets	(4,766)	–
Profit before amortisation of acquired intangibles and exceptional items	32,381	29,317

	2008 £'000	2007 £'000
Basic weighted average number of shares (excluding own shares held)	151,279	156,117
Effect of dilution:		
Share options	3,077	2,202
Diluted weighted average number of shares	154,356	158,319

	2008 pence	2007 pence
Basic earnings per share	24.7	18.5
Diluted earnings per share	24.2	18.2
Adjusted basic earnings per share	21.4	18.8
Adjusted diluted earnings per share	21.0	18.5

11 Dividends paid and proposed

	2008 £'000	2007 £'000
<i>Declared and paid during the year:</i>		
Equity dividends on ordinary shares:		
Final dividend for 2007: 5.5p (2006: 5.0p)	8,063	7,872
Interim for 2008: 2.7p (2007: 2.5p)	3,958	3,934
	12,021	11,806
<i>Proposed for approval at AGM (not recognised as a liability as at 31 December)</i>		
Equity dividends on ordinary shares:		
Final dividend for 2008: 5.5p (2007: 5.5p)	8,120	7,997

12 Property, plant and equipment

	Freehold land and buildings £'000	Short leasehold improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Total £'000
Cost				
At 1 January 2007	67,142	9,047	80,286	156,475
Additions	–	826	55,562	56,388
Acquisition of subsidiary undertakings	–	–	1,684	1,684
Disposals	–	(288)	(6,407)	(6,695)
Foreign currency adjustment	75	1,245	1,417	2,737
At 31 December 2007	67,217	10,830	132,542	210,589
Additions	–	4,095	33,627	37,722
Disposals	–	(2,187)	(15,711)	(17,898)
Foreign currency adjustment	290	4,891	14,258	19,439
At 31 December 2008	67,507	17,629	164,716	249,852
Depreciation and impairment				
At 1 January 2007	18,255	2,773	50,573	71,601
Provided during the year	2,706	1,847	22,577	27,130
Disposals	–	(278)	(5,891)	(6,169)
Foreign currency adjustment	3	905	675	1,583
At 31 December 2007	20,964	5,247	67,934	94,145
Provided during the year	2,599	1,931	32,189	36,719
Disposals	–	(2,039)	(15,303)	(17,342)
Foreign currency adjustment	17	3,754	9,244	13,015
At 31 December 2008	23,580	8,893	94,064	126,537
Net book value				
At 31 December 2008	43,927	8,736	70,652	123,315
At 31 December 2007	46,253	5,583	64,608	116,444
At 1 January 2007	48,887	6,274	29,713	84,874

Included in the figures above are the following amounts relating to leased assets which are used to satisfy specific customer contracts:

	Fixtures, fittings, equipment and vehicles	
	2008 £'000	2007 £'000
Cost		
At 1 January	61,823	14,134
Additions	27,657	47,768
Disposals	(6,819)	(79)
At 31 December	82,661	61,823
Accumulated depreciation and impairment		
At 1 January	15,335	1,837
Charge for year	23,225	13,547
Disposals	(6,818)	(49)
At 31 December	31,742	15,335
Net carrying amount	50,919	46,488

Notes to the consolidated financial statements continued

13 Intangible assets

	Goodwill £'000	Software £'000	Other intangible assets £'000	Total £'000
Cost				
At 1 January 2007	4,755	12,091	272	17,118
Additions	-	5,619	-	5,619
Acquisition of subsidiary undertakings	27,057	69	6,055	33,181
Disposals	-	(226)	-	(226)
Foreign currency adjustment	-	504	-	504
At 31 December 2007	31,812	18,057	6,327	56,196
Additions	-	14,278	-	14,278
Disposals	-	(393)	-	(393)
Adjustment for contingent consideration	(1,000)	-	-	(1,000)
Foreign currency adjustment	-	3,189	95	3,284
At 31 December 2008	30,812	35,131	6,422	72,365
Amortisation and impairment				
At 1 January 2007	-	7,127	46	7,173
Charged during the year	-	2,934	613	3,547
Disposals	-	(225)	-	(225)
Impairment loss	-	86	-	86
Foreign currency adjustment	-	430	-	430
At 31 December 2007	-	10,352	659	11,011
Charged during the year	-	4,239	525	4,764
Disposals	-	(345)	-	(345)
Impairment loss	-	1,124	1,922	3,046
Foreign currency adjustment	-	2,291	48	2,338
At 31 December 2008	-	17,661	3,153	20,814
Net book value				
At 31 December 2008	30,812	17,470	3,269	51,551
At 31 December 2007	31,812	7,705	5,668	45,185
At 1 January 2007	4,755	4,964	226	9,945

Goodwill is adjusted for the original estimated contingent consideration on the acquisition of Allnet which, following the expiry of the earn-out period, is no longer expected to be paid. No other changes have been required to the provisional fair values allocated and disclosed in the 2007 financial statements.

The carrying-value of trademarks at 31 December 2008 is £nil (2007: £1,922,000).

14 Impairment testing of goodwill and other intangible assets

Goodwill brought forward

Goodwill brought forward on 1 January 2008 of £5,804,000 has been allocated to the Computacenter (UK) Limited cash-generating unit, £24,169,000 has been allocated to the Digica cash-generating unit and £835,000 has been allocated to the RD Trading Limited cash-generating unit for impairment testing. During the year Digica was integrated within the operations of the core UK business and as a result its cash flows can no longer be reliably measured. Digica is, therefore, now included within the Computacenter UK cash-generating unit for impairment testing.

After the year-end a decision was reached to cease using the Digica brand following the integration of the Digica operations into those of Computacenter (UK) Limited. An exceptional non-cash impairment charge of £1.9 million for the trademark generated at the time of the Digica acquisition has been recognised accordingly.

Computacenter UK and RD Trading cash-generating units

The recoverable amounts of Computacenter (UK) Limited and RD Trading Limited have been determined based on a value-in-use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a three year period and on long-term market growth rates of 2.5% thereafter.

Key assumptions used in the value-in-use calculation for both Computacenter (UK) Limited and RD Trading Limited for 31 December 2008 and 31 December 2007 are:

- budgeted revenue, which is based on long-run market growth forecasts;
- budgeted gross margins, which are based on average gross margins achieved in the year immediately before the budgeted year, adjusted for expected long-run market pricing trends; and
- the discount rate applied to cash flow projections is 13.0% (2007: 12.0%).

The Computacenter (UK) and RD Trading cash-generating units generate value substantially in excess of the carrying value of goodwill attributed to them. Management therefore believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

No impairment provision on goodwill has been required at either 31 December 2008 or at 31 December 2007.

Notes to the consolidated financial statements continued

15 Investments

a) Investment in subsidiaries

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held	
			2008	2007
Computacenter (UK) Limited	England	IT Infrastructure services	100%	100%
Computacenter France SA	France	IT Infrastructure services	100%	100%
Computacenter Holding GmbH	Germany	IT Infrastructure services	100%	100%
Computacenter GmbH	Germany	IT Infrastructure services	100%	100%
CC Managed Services GmbH	Germany	IT Infrastructure services	100%	100%
Computacenter NV/SA	Belgium	IT Infrastructure services	100%	100%
RD Trading Limited	England	IT Asset management	100% ¹	100%
Computacenter PSF SA	Luxembourg	IT Infrastructure services	100%	100%
Computacenter USA	USA	IT Infrastructure services	100% ¹	100%
Computacenter Services (Iberia) SLU	Spain	International call centre services	100% ¹	100%
Digica Group Holdings Limited	England	IT infrastructure and application services	100% ¹	100%
Allnet Limited	England	In-premises cabling services	100% ¹	100%

1 Includes indirect holdings of 100% via Computacenter (UK) Limited.

Computacenter plc is the ultimate parent entity of the Group.

16 Inventories

	2008 £'000	2007 £'000
Inventories for re-sale	105,831	110,535

17 Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	527,807	453,244
Other debtors	1,694	911
	529,501	454,155

For terms and conditions relating to related party receivables, refer to note 31.

Trade receivables are non-interest bearing and are generally on 30–90 day terms.

The movements in the provision for impairment of receivables were as follows:

	2008 £'000	2007 £'000
At 1 January	11,518	12,148
Charge for the year	9,708	8,846
Utilised	(3,527)	(5,295)
Unused amounts reversed	(6,067)	(4,604)
Foreign currency adjustment	1,913	423
At 31 December	13,545	11,518

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total £'000	Neither past due nor impaired £'000	Past due but not impaired				
			<30 days £'000	30–60 days £'000	60–90 days £'000	90–120 days £'000	>120 days £'000
2008	527,807	303,329	161,512	40,057	13,192	5,263	4,454
2007	453,244	295,314	94,576	36,080	13,685	4,333	9,256

18 Cash and short-term deposits

	2008 £'000	2007 £'000
Cash at bank and in hand	13,372	19,211
Short-term deposits	40,000	10,000
	53,372	29,211

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £53,372,000 (2007: £29,211,000).

At 31 December 2008, the Group had available £163.4 million (2007: £148.1 million) of uncommitted overdraft and factoring facilities. However, £81.2 million of these facilities will expire during March 2009 and will not be renewed as they are no longer required given the £60.0 million committed facility established in May 2008, of which £45.0 million is not utilised at the balance sheet date. Customer-specific financing facilities are committed.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:

	2008 £'000	2007 £'000
Cash at bank and in hand	13,372	19,211
Short-term deposits	40,000	10,000
Bank overdrafts (note 20)	(6,483)	(21,945)
	46,889	7,266

19 Trade and other payables

	2008 £'000	2007 £'000
Trade payables	228,113	211,491
Other payables	150,608	125,480
	378,721	336,971

Terms and conditions of the above financial liabilities:

For terms and conditions relating to related parties, refer to note 31.

Trade payables are non-interest bearing and are normally settled on net monthly terms.

Other payables, which principally relate to other taxes, social security costs and accruals, are non-interest bearing and have an average term of three to six months.

20 Financial liabilities

	2008 £'000	2007 £'000
Current		
Bank overdrafts	6,483	21,945
Other loans	27,572	11,571
Factor financing	42,280	23,453
Current obligations under finance leases (note 21a)	19,819	17,394
	96,154	74,363
Non-current		
Other loans	6,437	4,404
Non-current obligations under finance leases (note 21a)	35,372	30,248
	41,809	34,652

Bank overdrafts

The bank overdrafts are unsecured and are subject to annual review.

Finance leases

The finance leases are only secured on the assets that they finance. These assets are used to satisfy specific customer contracts.

Other loans

The other loans are unsecured borrowings to finance equipment sold to customers on specific contracts.

Notes to the consolidated financial statements continued

20 Financial liabilities continued

Other loans comprise the following:

	2008 £'000	2007 £'000
£1,358,724 fixed rate (2.48%) loan 2008	-	368
£2,634,625 fixed rate (5.11%) loan 2008	-	1,001
£1,132,534 fixed rate (5.09%) loan 2008	-	421
£2,441,280 interest free loan 2008	-	732
£1,888,772 fixed rate (5.63%) loan 2008	-	482
£658,622 fixed rate (6.15%) loan 2008	-	661
£1,229,096 fixed rate (2.76%) loan 2009	52	255
£1,231,445 fixed rate (6.11%) loan 2009	110	534
£1,563,668 fixed rate (5.78%) loan 2009	308	1,564
£1,563,668 fixed rate (5.78%) loan 2009	308	1,075
£327,380 fixed rate (5.79%) loan 2009	21	133
£950,300 fixed rate (5.72%) loan 2009	319	950
£2,137,152 fixed rate (7.95%) loan 2009	696	2,137
£1,699,838 fixed rate (5.97%) loan 2009	180	1,700
£2,125,127 fixed rate (5.96%) loan 2009	255	2,125
£774,232 fixed rate (9.36%) loan 2009	-	774
£385,055 fixed rate (5.57%) loan 2009	76	-
£510,787 fixed rate (5.64%) loan 2009	95	-
£1,245,561 interest free loan 2009	311	-
£611,461 fixed rate (5.88%) loan 2009	310	-
£307,249 fixed rate (5.88%) loan 2009	156	-
£286,699 fixed rate (6.78%) loan 2009	146	-
£1,030,244 fixed rate (6.78%) loan 2009	524	-
£1,623,954 fixed rate (5.83%) loan 2009	471	-
£2,532,807 fixed rate (5.83%) loan 2009	1,260	-
£924,914 fixed rate (6.06%) loan 2009	184	-
£1,695,221 interest free loan 2009	1,695	-
£10,092,069 interest free loan 2009	10,092	-
£450,000 fixed rate (6.6%) loan 2010	323	-
£6,303,316 fixed rate (6.36%) loan 2010	3,448	-
£2,908,505 fixed rate (6.35%) loan 2010	2,215	-
£9,502,599 fixed rate (3.39%) loan 2010	9,522	-
£917,183 fixed rate (6.38%) loan 2010	261	505
£722,658 fixed rate (7.84%) loan 2011	409	560
\$641,906 fixed rate (4.60%) loan 2013	247	-
\$22,282 fixed rate (3.95%) loan 2013	15	-
	34,009	15,977
Less: current instalments due on other loans	27,572	11,571
	6,437	4,404

The table below summarises the maturity profile of these loans:

	2008 £'000	2007 £'000
Not later than one year	27,572	11,571
After one year but not more than five years	6,437	4,404
	34,009	15,975

The finance lease and loan facilities providing customer-specific financing are committed facilities.

20 Financial liabilities continued

Factor financing

Computacenter UK and Computacenter France have access to factor financing arrangements.

France

Factor financing is in respect of trade debts factored without recourse which represents a proportion of the debts. Under the terms of the arrangement certain trade debts are sold to the factor who in turn advances cash payments in relation to these debts. Interest is charged on these amounts on a daily basis at a rate of ECB base rate + 0.7%. The Group is not obliged (and does not intend to) support any losses arising from the assigned debts against which the cash has been advanced. In the event of default in payment of a debtor, the providers of finance seek repayment of cash advanced only from the remainder of the cash pool of debts in which they hold an interest; repayment is not required from the Group in any other way.

UK

Factor financing is in respect of trade debts factored with recourse which represents a proportion of the debts. Under the terms of the arrangement certain trade debts are sold to the factor who in turn advances cash payments in relation to these debts. A non-utilisation fee is payable at 0.25% of the available facility where the amounts drawn down equate to less than 50% of said facility. In the event of a default in payment of a debtor the Group is obliged to support losses to the extent of cash advanced against that debt. In normal circumstances this will be recovered from the cash pool of debts in which they hold an interest. The Group is obliged to repay any advance of cash in excess of the maximum amount available for draw-down as calculated under the terms of the agreement.

21 Obligations under leases

a) Finance lease commitments

The Group has finance leases for various items of plant and machinery; these leases have no terms of renewal or purchase options and escalation clauses. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2008		2007	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	24,480	19,819	19,382	17,394
After one year but not more than five years	37,562	35,372	33,856	30,248
	62,042	55,191	53,238	47,642

b) Operating lease commitments where the Group is lessee

The Group has entered into commercial leases on certain properties, motor vehicles and items of small machinery. There are no restrictions placed upon the Group by entering into these leases.

Future commitments payable under non-cancellable operating leases as at 31 December are as follows:

	2008 £'000	2007 £'000
Not later than one year	38,922	36,945
After one year but not more than five years	50,065	48,648
More than five years	16,061	18,209
	105,048	103,802

c) Operating lease receivables where the Group is lessor

During the year the Group entered into commercial leases with customers on certain items of machinery. These leases have remaining terms of between one and five years.

Future amounts receivable by the Group under the non-cancellable operating leases as at 31 December are as follows:

	2008 £'000	2007 £'000
Not later than one year	19,837	26,064
After one year but not more than five years	35,034	27,752
	54,871	53,816

The amounts receivable are directly related to the finance lease obligations detailed in note 21a.

Notes to the consolidated financial statements continued

22 Provisions

	Property provisions £'000
At 1 January 2008	14,405
Utilised	(1,829)
Unused amounts reversed	(1,894)
Movement in discount rate	431
Exchange adjustment	552
At 31 December 2008	11,665
<i>Current 2008</i>	2,100
<i>Non-current 2008</i>	9,565
	11,665
<i>Current 2007</i>	2,180
<i>Non-current 2007</i>	12,225
	14,405

Property provisions

Assumptions used to calculate the property provisions are based on the market value of the rental charges plus any contractual dilapidation expenses on empty properties and the Directors' best estimates of the likely time before the relevant leases can be reassigned or sublet, which ranges between one and eight years. The provisions in relation to the UK properties are discounted at a rate based upon the Bank of England base rate. Those in respect of the European operations are discounted at a rate based on Euribor.

23 Financial instruments

An explanation of the Group's financial instrument risk management objectives, policies and strategies are set out in the Finance Director's Review on pages 14 to 18.

Credit risk

The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are continually monitored thereafter. The maximum exposure on trade receivables, as at the reporting date, is their carrying value. In France, credit risk is mitigated through a credit insurance policy which applies to non-Government customers and provides insurance for approximately 50% of the relevant credit risk exposure.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents.

There are no significant concentrations of credit risk within the Group.

23 Financial instruments continued

Interest rate risk

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

Year ended 31 December 2008

	Functional currency	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
<i>Fixed rate</i>								
Cash and short-term deposits	Sterling	40,000	-	-	-	-	-	40,000
Other loans	Sterling/Dollar	(15,473)	(6,242)	(193)	(2)	-	-	(21,910)
Finance leases	Sterling/Euro/ Dollar	(19,819)	(19,509)	(13,304)	(2,200)	(359)	-	(55,191)
<i>Floating rate</i>								
Cash and short-term deposits	Dollar	989	-	-	-	-	-	989
Cash and short-term deposits	Euro	11,781	-	-	-	-	-	11,781
		12,770	-	-	-	-	-	12,770
Forward currency contracts	Euro/Dollar	(644)	-	-	-	-	-	(644)
Bank overdraft	Euro	(6,483)	-	-	-	-	-	(6,483)
Factor financing	Euro	(42,280)	-	-	-	-	-	(42,280)
Property provisions	Sterling/Euro	(2,100)	(1,987)	(1,874)	(1,663)	(1,605)	(2,435)	(11,665)
<i>Interest free</i>								
Cash and short-term deposits	Dollar	86	-	-	-	-	-	86
Cash and short-term deposits	Euro	516	-	-	-	-	-	516
		602	-	-	-	-	-	602
Other loans	Sterling	(12,099)	-	-	-	-	-	(12,099)
Other non-current liabilities	Sterling	-	(615)	-	-	-	-	(615)

Year ended 31 December 2007

	Functional currency	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	More than 5 years £'000	Total £'000
<i>Fixed rate</i>								
Cash and short-term deposits	Sterling	10,000	-	-	-	-	-	10,000
Other loans	Sterling	(10,838)	(4,024)	(218)	(162)	-	-	(15,243)
Finance leases	Sterling/Euro	(17,151)	(13,180)	(11,864)	(4,343)	(861)	-	(47,399)
<i>Floating rate</i>								
Cash and short-term deposits	Sterling	15,789	-	-	-	-	-	15,789
Cash and short-term deposits	Dollar	941	-	-	-	-	-	941
Cash and short-term deposits	Euro	847	-	-	-	-	-	847
		17,577	-	-	-	-	-	17,577
Forward currency contracts	Euro/Dollar	(369)	-	-	-	-	-	(369)
Bank overdraft	Euro	(21,945)	-	-	-	-	-	(21,945)
Factor financing	Euro	(23,453)	-	-	-	-	-	(23,453)
Property provisions	Sterling/Euro	(2,180)	(1,994)	(1,862)	(1,681)	(1,525)	(5,163)	(14,405)
<i>Interest free</i>								
Cash and short-term deposits	Dollar	87	-	-	-	-	-	87
Cash and short-term deposits	Euro	1,547	-	-	-	-	-	1,547
		1,634	-	-	-	-	-	1,634
Other loans	Sterling	(733)	-	-	-	-	-	(733)
Finance leases	Sterling	(243)	-	-	-	-	-	(243)
Other non-current liabilities	Sterling	-	(1,685)	-	-	-	-	(1,685)

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. The interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The Sterling floating rate assets and liabilities are based on the three month LIBOR rate. The Euro floating rate assets and liabilities are based on the overnight Euribor rate.

Notes to the consolidated financial statements continued

23 Financial instruments continued

Fair values

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried with the Group's financial statements equates to their carrying amount.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	Increase in basis points	Effect on profit before tax £'000
2008		
Sterling	+25	99
Euro	+25	(92)
2007		
Sterling	+25	64
Euro	+25	(111)

The impact of a reasonably possible decrease to the same range shown in the table would result in an opposite impact on the profit before tax of the same magnitude.

Forward currency contracts

At 31 December 2008 the Group held fourteen foreign exchange contracts (2007: seventeen) designated as hedges of an inter-company loan and future expected payments to suppliers. The exchange contracts are being used to reduce the exposure to foreign exchange risk. The terms of these contracts are detailed below:

31 December 2008

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK					
	Euros	Sterling	€7,036,000	Jan-Mar 09	1.031-1.032
	Dollars	Sterling	\$5,500,00	Jan 09	1.449
Germany					
	Dollars	Euros	\$15,300,000	Jan 09	1.265-1.421

31 December 2007

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK					
	Euros	Sterling	€20,932,304	Jan 08-Jan 09	1.360-1.423
	Dollars	Sterling	\$813,000	Feb 08	2.004
Germany					
	Dollars	Euros	\$15,600,000	Jan 08	1.438-1.471

Exchange rate sensitivity

The majority of the transactions in each of the Group's geographical segments are denominated in the functional currency of that segment. There are, however, a limited number of transactions where foreign currency exchange risk exists. In these instances the Group enters into a small number of forward currency contracts, as shown in the above table, in order to eliminate such risk. At the end of the year the fair value of the outstanding contracts was a liability of £644,000 (2007: £369,000).

Other than differences arising from the translation of results of operations outside of the Group's functional currency, reasonably foreseeable movements in the exchange rates of +10% or -10% would not have a material impact on the Group's profit before tax or equity.

23 Financial instruments continued

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December based on contractual undiscounted payments:

	On demand £'000	<3 months £'000	3-12 months £'000	1-5 years £'000	>5 years £'000	Total £'000
Year ended 31 December 2008						
Financial liabilities	48,867	15,254	45,905	44,112	–	153,138
Forward currency contracts	–	634	–	10	–	644
Property provisions	–	247	1,853	6,304	3,261	11,665
Trade and other payables	–	378,721	–	–	–	378,721
	48,867	394,856	46,759	50,425	3,261	544,168
Year ended 31 December 2007						
Financial liabilities	45,519	9,812	21,191	38,031	–	114,553
Forward currency contracts	–	359	–	10	–	369
Property provisions	–	1,070	1,110	7,209	5,016	14,405
Trade and other payables	–	336,971	–	–	–	336,971
	45,519	348,212	22,300	45,251	5,016	466,298

24 Capital management

Computacenter's approach to capital management is to ensure that the Group has a strong capital base to support the development of the business and to maintain a strong credit rating, whilst aiming to maximise shareholder value.

In line with this approach the Group has repurchased share capital where it has been enhancing to earnings per share. As a result, following a share consolidation in 2006, the Group continued to repurchase shares, for cancellation, to the value of £9.5 million in 2008 (2007: £2.4 million). In addition the Group also purchased a further £0.2 million of shares for use in various share schemes.

Consistent with the Group's aim to maximise returns to shareholders, the dividend policy is to maintain a relatively low level of cover of between 2–2.5 times. In 2008 the cover was 2.6 times (2007: 2.4 times), on a pre-exceptional basis.

Capital is allocated across the Group in order to minimise the Group's exposure to exchange rates, which principally results in borrowings in France and Germany with a small value of cash on deposit in the UK.

In certain circumstances, the Group enters into customer contracts that are financed by leases, which are secured only on the assets that they finance, or loans. Whilst the outstanding amounts of this 'customer-specific financing' are included within net funds for statutory reporting purposes, the Group excludes this 'customer-specific financing' when managing the net funds of the business as this outstanding financing is matched by committed future revenues. These financing facilities, which are committed, are thus outside of the normal working capital requirements of the Group's product resale and services activities.

The measures of net funds that the Group monitors are:

	2008 £'000	2007 £'000
Net funds/(debt) before customer-specific financing	4,609	(16,187)
Borrowings	(34,009)	(15,975)
Finance leases	(55,191)	(47,642)
Net debt	(84,591)	(79,804)

The net funds (before customer financing) improved in the year from net debt of £16.2 million to net funds of £4.6 million by the end of the year in line with earnings after tax, dividends and investment in the ERP system in the period.

Customer-specific financing has increased due to the increased demand for capacity on demand service models, principally in the UK.

The Group's capital base is primarily utilised to finance its fixed assets and working capital requirements. Each operating country manages working capital in line with Group policies. The key components of working capital, i.e. trade receivables, inventory and trade payables, are managed in accordance with an agreed number of days targeted in the budget process, in order to ensure efficient capital usage.

Notes to the consolidated financial statements continued

24 Capital management continued

An important element of the process of managing capital efficiently is to ensure that each operating country rewards behaviour at an Account Manager and Account Director level to minimise working capital, at a transactional level. This is achieved by increasing commission payments for early payment by customers and reduced commission payments for late payment by customers, which encourages appropriate behaviour.

In addition, where appropriate, Business Units are individually charged cost of capital to ensure efficient capital management.

25 Authorised and issued capital and reserves

	2008 £'000	2007 £'000
<i>Authorised</i>		
Ordinary shares of 6p each	25,000	25,000
B shares of 39p each	75,000	75,000
	100,000	100,000

Ordinary shares

	No. '000's	£'000
<i>Issued and fully paid</i>		
At 1 January 2007	159,514	9,571
Issued during the year for cash on exercise of share options	309	18
Purchase of own shares for cancellation	(1,424)	(85)
At 31 December 2007	158,399	9,504
Purchase of own shares for cancellation	(5,378)	(323)
At 31 December 2008	153,021	9,181

The holders of A ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company. On a winding up of the Company holders of A ordinary shares may be entitled to the residual assets of the Company.

The Company has two share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (note 26).

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued/redeemed at a premium.

Capital redemption reserve

The capital redemption reserve is used to maintain the Company's capital following the purchase and cancellation of its own shares. During the year the Company repurchased 5,378,000 of its own shares for cancellation (2007: 1,424,000).

Own shares held

Own shares held comprise the following:

i) Computacenter Employee Share Ownership Plan

Shares in the parent undertaking comprise 5,813,066 (2007: 5,424,799) 6p ordinary shares of Computacenter plc purchased by the Computacenter Employee Share Ownership Plan ('the Plan'). The number of shares held represents 3.8% (2007: 3.4%) of the Company's issued share capital.

None of these shares were awarded to executives of the Company under the Computacenter (UK) Limited Cash Bonus and Share Plan. Options previously awarded are to be held on behalf of employees and former employees of Computacenter (UK) Limited and their dependants, excluding Jersey residents. The distribution of these shares is dependent upon the trustee holding them on the employees' behalf for a restrictive period of three years.

Since 31 December 2002 the definition of beneficiaries under the ESOP Trust has been expanded to include employees who have been awarded options to acquire ordinary shares of 6p each in Computacenter plc under the other employee share plans of the Computacenter Group, namely the Computacenter Services Group plc Approved Executive Share Option Plan, the Computacenter Employee Share Option Scheme 1998, the Computacenter Services Group plc Unapproved Executive Share Option Scheme, the Computacenter Performance Related Share Option Scheme 1998, the Computacenter Sharesave Plus Scheme and any future similar share ownership schemes.

All costs incurred by the Plan are settled directly by Computacenter (UK) Limited and charged in the accounts as incurred.

The Plan Trustees have waived the dividends receivable in respect of 5,813,066 shares that it owns which are all unallocated shares.

25 Authorised and issued capital and reserves continued

ii) Computacenter Qualifying Employee Share Trust ('the Quest')

The total shares held are 743,708 (2007: 743,708), which represents 0.5% of the Company's issued share capital. All of these shares will continue to be held by the Quest until such time as the Sharesave options granted against them are exercised. The market value of these shares at 31 December 2008 was £669,000 (2007: £1,408,000). The Quest Trustees have waived dividends in respect of all of these shares. During the year the Quest did not subscribe for any new 6p ordinary shares.

iii) Computacenter Trustees Limited

During the year no new awards of share allocations were made under the Computacenter Bonus Plus Share Plan. This scheme has expired and no further grants will be made. At the beginning of the year Computacenter Trustees Limited held a total of 381,534 ordinary shares of 6p. During the year all assets held by the Trust were transferred by the Trustees, to the Computacenter Employee Share Ownership Plan.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

26 Share-based payments

Executive share option scheme

During the year, no options were exercised. In 2007 options were exercised with respect to 230,900 6p ordinary shares at a nominal value of £13,854 and at an aggregate premium of £457,726.

Under the Computacenter Employee Share Option Scheme 1998 and the Computacenter Services Group Executive Share Scheme, options in respect of 1,642,796 shares lapsed.

The numbers of shares under options outstanding at the year-end comprise:

Date of grant	Exercisable between	Exercise price	2008 Number outstanding	2007 Number outstanding
16/03/1998	16/03/2001 – 15/03/2008	300.00p	–	210,000
01/04/1999	01/04/2002 – 31/03/2009	565.00p	50,620	50,620
05/05/1999	05/05/2002 – 04/05/2009	565.00p	113,795	117,335
24/08/1999	24/08/2003 – 23/08/2009	565.00p	13,724	13,724
27/09/2000	27/09/2003 – 26/09/2010	380.00p	214,000	222,000
20/03/2001	20/03/2004 – 19/03/2011	333.50p	–	150,000
20/03/2001	20/03/2005 – 19/03/2011	333.50p	–	150,000
20/03/2001	20/03/2006 – 19/03/2011	333.50p	–	200,000
19/09/2001	19/09/2004 – 18/09/2011	245.00p	12,244	50,000
19/09/2001	19/09/2005 – 18/09/2011	245.00p	50,000	50,000
19/09/2001	19/09/2006 – 18/09/2011	245.00p	50,000	50,000
10/04/2002	10/04/2005 – 09/04/2012	322.00p	213,816	225,816
10/04/2002	10/04/2005 – 09/04/2012	331.00p	45,000	45,000
21/03/2003	21/03/2006 – 20/03/2013	266.50p	77,500	403,000
02/04/2004	02/04/2007 – 01/04/2014	424.00p	295,000	361,000
24/10/2006	24/10/2009 – 23/10/2016	250.00p	2,279,600	2,619,600
17/04/2007	17/04/2010 – 16/04/2017	285.00p	570,400	630,400
23/10/2007	23/10/2010 – 22/10/2017	204.00p	40,000	40,000
			4,025,699	5,588,495

Computacenter Performance Related Share Option Scheme

Under the Computacenter Performance Related Share Option scheme, options granted will be subject to certain performance conditions as described in the Directors' Remuneration Report.

During the year 801,739 options lapsed. No options were granted during the course of the year.

At 31 December 2008 the number of shares under outstanding options was as follows:

Date of grant	Exercisable between	Exercise price	2008 Number outstanding	2007 Number outstanding
10/04/2002	10/04/2005 – 09/04/2012	322.00p	189,440	280,666
21/03/2003	21/03/2006 – 20/03/2013	266.50p	–	433,863
21/03/2003	21/03/2007 – 20/03/2013	266.50p	–	200,000
02/04/2004	02/04/2007 – 01/04/2014	424.00p	206,367	283,017
			395,807	1,197,546

Notes to the consolidated financial statements continued

26 Share-based payments continued

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options for the Executive Share Option Scheme and the Performance Related Share Option Scheme.

	2008 No.	2008 WAEP	2007 No.	2007 WAEP
<i>Executive share option scheme</i>				
Outstanding at the beginning of the year ¹	5,588,495	£2.94	6,075,178	£2.99
Granted during the year	40,000	£1.24	670,400	£2.80
Forfeited during the year	(1,602,796)	£2.93	(926,183)	£3.38
Exercised during the year	-	-	(230,900)	£2.04 ²
Outstanding at the end of the year	4,025,699	£2.93	5,588,495	£2.94
Exercisable at the end of the year	1,135,699	£3.86	2,298,495	£3.49

Notes

1 Included within this balance are options over 763,199 (2007: 1,534,495) shares that have not been accounted for under IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

2 The weighted average share price at the date of exercise for the options exercised is £2.60.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2008 is 6.5 years (2007: 6.8 years).

	2008 No.	2008 WAEP	2007 No.	2007 WAEP
<i>Computacenter performance related share option scheme</i>				
Outstanding at the beginning of the year ¹	1,197,546	£3.17	1,197,546	£3.17
Forfeited during the year	(801,739)	£2.88	-	-
Outstanding at the end of the year	395,807	£3.75	1,197,546	£3.17
Exercisable at the end of the year	395,807	£3.75	1,197,546	£3.17

Note

1 Included within this balance are options over 189,440 (2007: 281,000) shares that have not been accounted for under IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2008 is 4.3 years (2007: 5.2 years).

Computacenter LTIP Performance Share Plan

Under the Computacenter LTIP Performance Share Plan, shares granted will be subject to certain performance conditions as described in the Directors' Remuneration Report.

During the year 1,635,160 (2007: 1,140,160) shares were awarded, 177,594 (2007: 64,402) were exercised and 363,146 (2007: 79,619) lapsed.

At 31 December 2008 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	2008 Number outstanding	2007 Number outstanding
12/04/2006	01/04/2009	245.00p	1,077,769	1,263,298
10/05/2006	01/04/2008	254.00p	-	125,340
10/05/2006	01/04/2009	254.00p	7,870	11,805
17/04/2007	01/04/2009	285.25p	103,539	103,539
17/04/2007	01/04/2010	285.25p	896,442	1,026,095
17/03/2008	17/03/2010	187.00p	180,347	-
17/03/2008	01/04/2011	187.00p	1,358,530	-
			3,624,497	2,530,077

The weighted average share price at the date of exercise for the options exercised is £1.66 (2007: £2.29).

The weighted average remaining contractual life for the options outstanding as at 31 December 2008 is 1.3 years (2007: 1.6 years).

26 Share-based payments continued

Computacenter Sharesave Scheme

The Company operates a Sharesave scheme which is available to all employees and full time Executive Directors of the Company and its subsidiaries who have worked for a qualifying period. All options granted to UK employees under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. In the case of options granted to employees based overseas, all option exercises are satisfied by new share issues. During 2008, no options over shares were exercised by overseas employees. No options were granted over the period to 31 December 2008. The fair value of the options that were granted over the period to 31 December 2007 was £40,000 and was recognised as an expense in the income statement for that period.

Under the scheme the following options have been granted and are outstanding at the year-end:

Date of grant	Exercisable between	Exercise price	2008 Number outstanding	2007 Number outstanding
October-2002	01/12/2007 – 31/05/2008	220.00p	-	345,617
October-2002	01/12/2007 – 31/05/2008	225.00p	-	30,518
October-2003	01/12/2008 – 31/05/2009	395.00p	108,452	122,054
October-2003	01/12/2008 – 31/05/2009	417.00p	9,165	9,165
October-2004	01/12/2007 – 31/05/2008	335.00p	-	191,684
October-2004	01/12/2008 – 31/05/2009	316.00p	11,260	11,260
October-2004	01/12/2009 – 31/05/2010	335.00p	83,949	89,401
October-2005	01/12/2008 – 31/05/2009	222.00p	459,067	523,858
October-2005	01/12/2010 – 31/05/2011	222.00p	100,471	131,797
October-2006	01/12/2009 – 31/05/2010	254.00p	200,622	239,784
October-2006	01/12/2011 – 31/05/2012	254.00p	95,273	103,764
October-2007	01/12/2010 – 31/05/2011	178.00p	1,347,508	1,672,046
October-2007	01/12/2012 – 31/05/2013	178.00p	628,130	694,032
			3,043,897	4,164,980

The following table illustrates the No. and WAEP of share options for the Sharesave scheme:

	2008 No.	2008 WAEP	2007 No.	2007 WAEP
<i>Sharesave scheme</i>				
Outstanding at the beginning of the year ¹	4,164,980	£2.13	2,569,669	£2.69
Granted during the year	-	-	2,459,268	£1.78
Forfeited during the year	(1,121,083)	£2.29	(767,065)	£2.90
Exercised during the year	-	-	(96,892)	£1.89 ²
Outstanding at the end of the year	3,043,897	£2.13	4,164,980	£2.13
Exercisable at the end of the year	587,944	£2.59	567,819	£2.59

Notes

¹ Included within this balance are options over nil (2007: 376,135) shares that have not been accounted for under IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

² The weighted average share price at the date of exercise for the options exercised is £2.75.

Notes to the consolidated financial statements continued

26 Share-based payments continued

The fair value of the Executive Share Option Scheme, the Performance Related Share Option Scheme, the LTIP Performance Share Plan and Sharesave Scheme plans are estimated as at the date of grant using the Black-Scholes valuation model. The following table gives the assumptions made during the year ended 31 December 2007:

Share options granted to key executives

	Grant of share options	Grant of share options	Grant of share options
Nature of the arrangement			
Date of grant	23/10/07	17/04/07	17/04/07
Number of instruments granted	40,000	480,400	150,000
Exercise price	£2.04	£2.85	£2.85
Share price at date of grant	£1.98	£2.85	£2.85
Contractual life (years)	10	10	10
		Three years of service and growth in EPS of RPI plus 5%	
Vesting conditions	Three year service period		Three year service period
Expected volatility	37.70%	37.36%	37.36%
Expected option life at grant date (years)	4.5	4.5	4.5
Risk-free interest rate	4.91%	5.24%	5.24%
Dividend yield	3.54%	2.63%	2.63%
Fair value per granted instrument determined at grant date	£0.54	£0.89	£0.89

Sharesave scheme

	SAYE scheme	SAYE scheme
Nature of the arrangement		
Date of grant	30/10/07	30/10/07
Number of instruments granted	1,672,046	694,032
Exercise price	£1.78	£1.78
Share price at date of grant	£2.00	£2.00
Contractual life (years)	3	5
	Three year service period and savings requirement	Five year service period and savings requirement
Vesting conditions		
Expected volatility	37.70%	37.70%
Expected option life at grant date (years)	3	5
Risk-free interest rate	4.85%	4.85%
Dividend yield	3.75%	3.75%
Fair value per granted instrument determined at grant date	£0.56	£0.64

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the recent historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of options grant were incorporated into the measurement of fair value.

27 Adjusted operating profit**Reconciliation of adjusted operating profit**

Management measure the Group's operating performance using adjusted operating profit, which is stated prior to amortisation of acquired intangibles and after charging finance costs on customer-specific financing for which the Group receives regular rental income.

	2008 £'000	2007 £'000
Operating profit	42,602	43,101
<i>Add back</i>		
Amortisation of acquired intangibles	525	613
Impairment of non-current assets	3,046	-
<i>After charging</i>		
Finance costs on customer-specific financing	(4,029)	(2,025)
	42,144	41,689

Adjusted operating profit/(loss) by geographic market

	2008 £'000	2007 £'000
UK	27,938	33,099
Germany	15,268	10,388
France	(967)	(1,754)
Benelux	(95)	(44)
Total	42,144	41,689

28 Adjusted management cash flow statement

The adjusted management cash flow has been provided to explain how management view the cash performance of the business. There are two primary differences to this presentation compared to the statutory cash flow statement, as follows:

- 1) Factor financing is not included within the statutory definition of cash and cash equivalents, but operationally is managed within the total net funds/borrowings of the businesses; and
- 2) Items relating to customer specific financing are adjusted for as follows:
 - a. Interest paid on customer-specific financing is reclassified from interest paid to adjusted operating profit; and
 - b. Where customer-specific assets are financed by finance leases and the liabilities are matched by future amounts receivable under customer operating lease rentals, the depreciation of leased assets and the repayment of the capital element of finance leases are offset within networking capital; and
 - c. Where assets are financed by loans and the liabilities are matched by amounts receivable under customer operating lease rentals, the movement on loans within financing activities is also offset within working capital.

Notes to the consolidated financial statements continued

28 Adjusted management cash flow statement continued

Adjusted cash flow statement

	2008 £'000	2007 £'000
Adjusted profit before taxation	43,107	42,672
Net finance income	(963)	(983)
Depreciation and amortisation	18,055	16,603
Share-based payment	2,525	2,659
Working capital movements	16,306	(20,089)
Other adjustments	(186)	(2,675)
Income taxes paid	(6,052)	(13,853)
Adjusted cash flow from operating activities	72,792	24,334
Net interest received	659	577
Capital expenditure and investments	(24,313)	(13,933)
Acquisitions and disposals	–	(32,600)
Equity dividends paid	(12,021)	(11,806)
Cash in/(out)flow before financing	37,117	(33,428)
Financing activities		
Proceeds from issue of shares	–	661
Purchase of own shares	(9,695)	(11,332)
Decrease in net debt excluding CSF in the period	27,422	(44,099)
Increase/(decrease) in net debt excluding CSF	27,422	(44,099)
Effect of exchange rates on cash and cash equivalents	(6,626)	(1,521)
Net debt excluding CSF at beginning of period	(16,187)	29,433
Net funds/(debt) excluding CSF at end of period	4,609	(16,187)

29 Capital commitments

At 31 December 2008 and 31 December 2007, the Group held no significant commitments for capital expenditure.

30 Pensions and other post-employment benefit plans

The Group has a defined contribution pension plan, covering substantially all of its employees in the UK. The amount recognised as an expense for this plan is detailed in note 6.

31 Related party transactions

During the year the Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into are as described below:

Biomni provides the Computacenter e-procurement system used by many of Computacenter's major customers. An annual fee has been agreed on a commercial basis for use of the software for each installation. Both PJ Ogden and PW Hulme are Directors of and have a material interest in Biomni Limited.

The table below provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	Sales to related parties £'000	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Biomni Limited	8	448	–	1

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. The Group has not recognised any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel (including Directors)

Please refer to the information given in the Directors' remuneration table in the Directors' Remuneration Report on page 31 for details of compensation given to the Group's key management personnel. There are no other key management personnel.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Computacenter plc

We have audited the Parent Company financial statements of Computacenter plc for the year ended 31 December 2008 which comprise the Balance Sheet and the related notes 1 to 12. These Parent Company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the Group financial statements of Computacenter plc for the year ended 31 December 2008.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Parent Company financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Parent Company financial statements give a true and fair view and whether the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Parent Company financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Parent Company financial statements. The other information comprises only the Executive Summary, Operating Statement, Risk Management Report, Corporate Sustainable Development Report, Finance Director's Review, Corporate Governance Statement, the Directors' Report and the unaudited part of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Parent Company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Parent Company financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008.
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Parent Company financial statements.

Ernst & Young

Ernst & Young LLP

Registered auditor

Luton

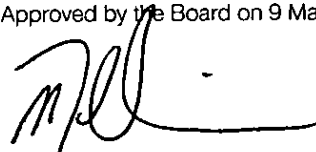
9 March 2009

Company balance sheet

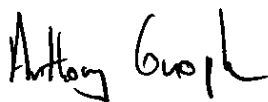
As at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Intangible assets	2	127,221	135,721
Tangible assets	3	28,563	30,178
Investments	4	156,746	150,112
		312,530	316,011
Current assets			
Debtors	5	90,259	96,003
Cash at bank and in hand		13	13
		90,272	96,016
Creditors: Amounts falling due within one year	6	(135,207)	(155,355)
Net current liabilities		(44,935)	(59,339)
Total assets less current liabilities		267,595	256,672
Creditors: amounts falling due after more than one year	7	(44,704)	(53,704)
Provisions for liabilities and charges	8	(612)	(780)
Total assets less liabilities		222,279	202,188
Capital and reserves			
Called up share capital	9	9,181	9,504
Share premium account	9	2,890	2,890
Capital redemption reserve	9	74,950	74,627
Merger reserve	9	55,990	55,990
Own shares held	9	(9,208)	(9,419)
Profit and loss account	9	88,476	68,596
Equity shareholders' funds		222,279	202,188

Approved by the Board on 9 March 2009



MJ Norris
Chief Executive



FA Conophy
Finance Director

Notes to the Company financial statements

For the year ended 31 December 2008

1 Accounting policies

Basis of preparation

The financial statements of Computacenter plc were approved for issue in accordance with a resolution of the Directors on 9 March 2009. The balance sheet was signed on behalf of the Board by MJ Norris and FA Conophy.

The financial statements are prepared under the historical cost convention and in accordance with the applicable UK Accounting Standards.

No profit and loss account is presented for the Company as permitted by section 230 of the Companies Act 1985. The profit after tax for the Company was £38,984,000 (2007: £47,235,000). There are no other recognised gains or losses other than the profit for the year.

The Company has taken advantage of the exemption in paragraph 2D(b) of FRS 29 Financial Instruments: Disclosure and has not disclosed information required by that standard, as the Group's consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under IFRS 7 Financial Instruments: Disclosures.

Intellectual property

Licences purchased in respect of intellectual property are capitalised, classified as an intangible asset on the balance sheet and amortised on a straight-line basis over the period of the licence, 20 years.

Depreciation of fixed assets

Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings – 25 years.

Investments

Fixed asset investments are shown at cost less provision for impairment. In addition, subsequent to the adoption of UITF Abstract 41, investments in subsidiaries also include the FRS 20 cost of share-based payments.

Impairment of assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Share-based payment transactions

The expense for share-based payments is recognised in the subsidiary companies employing the relevant employees. The Company records a corresponding increase in its investments in subsidiaries with a credit to equity which is equivalent to the FRS 20 cost in the subsidiary undertakings.

Taxation

Corporation Tax payable is provided on taxable profits at the current tax rate. Where group relief is surrendered from other subsidiaries in the Group, the Company is required to pay to the surrendering company an amount equal to the loss surrendered multiplied by the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2 Intangible assets

	Intellectual property £'000
Cost	
At 1 January 2008 and 31 December 2008	169,737
Amortisation	
At 1 January 2008	34,016
Charge in the year	8,500
At 31 December 2008	42,516
Net book value	
At 31 December 2008	127,221
At 31 December 2007	135,721

3 Tangible fixed assets

	Freehold land and buildings £'000
Cost	
At 1 January 2008 and 31 December 2008	42,350
Depreciation	
At 1 January 2008	12,172
Charge in the year	1,615
At 31 December 2008	13,787
Net book value	
At 31 December 2008	28,563
At 31 December 2007	30,178

4 Investments

	Investments in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Investment £'000	Total £'000
Cost				
At 1 January 2008	211,191	10,430	25	221,646
Additions	11,785	161	–	11,946
Share-based payments	2,525	–	–	2,525
Repaid	–	(7,837)	–	(7,837)
At 31 December 2008	225,501	2,754	25	228,281
Amounts provided				
At 1 January 2008 and 31 December 2008	68,755	2,754	25	71,534
Net book value				
At 31 December 2008	156,746	–	–	156,746
At 31 December 2007	142,436	7,676	–	150,112

Details of the principal investments at 31 December in which the Company holds more than 20% of the nominal value of ordinary share capital are given in the Group accounts in note 15.

5 Debtors

	2008 £'000	2007 £'000
Amount owed by subsidiary undertaking	90,000	95,665
Other debtors	259	160
Corporation tax	–	178
	90,259	96,003

6 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Amount owed to subsidiary undertaking	135,207	155,355

7 Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Deferred income	44,704	53,704

8 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 January 2008	780
Capital allowances in advance of depreciation	(168)
At 31 December 2008	612

The deferred tax balance all relates to capital allowances in advance of depreciation.

9 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2007	9,571	2,247	74,542	–	55,990	32,914	175,264
Shares issued	18	643	–	49	–	–	710
Total recognised gains and losses in the year	–	–	–	–	–	47,235	47,235
Purchase of own shares	–	–	–	(11,874)	–	–	(11,874)
Share options granted to employees of subsidiary companies	–	–	–	–	–	2,659	2,659
Cancellation of own shares	(85)	–	85	2,406	–	(2,406)	–
Equity dividends	–	–	–	–	–	(11,806)	(11,806)
At 31 December 2007	9,504	2,890	74,627	(9,419)	55,990	68,596	202,188
Exercise of options	–	–	–	298	–	–	298
Total recognised gains and losses in the year	–	–	–	–	–	38,984	38,984
Purchase of own shares	–	–	–	(9,695)	–	–	(9,695)
Share options granted to employees of subsidiary companies	–	–	–	–	–	2,525	2,525
Cancellation of own shares	(323)	–	323	9,608	–	(9,608)	–
Equity dividends	–	–	–	–	–	(12,021)	(12,021)
At 31 December 2008	9,181	2,890	74,950	(9,208)	55,990	88,476	222,279

10 Contingent liabilities

The Company has given a guarantee in the normal course of business to a supplier of a subsidiary undertaking for an amount not exceeding £24,451,000 (2007: £13,906,000), and to a customer of a subsidiary undertaking for an amount not exceeding £14,507,000 (2007: £24,229,000).

The Company has provided cross guarantees in respect of certain bank loans and overdrafts of its subsidiary undertakings. The amount outstanding at 31 December is £6,483,000 (2007: £21,945,000).

11 Related party transactions

The Company has taken the exemption in FRS 8 not to disclose transactions with other Group companies.

The Company has not traded with any of the related parties disclosed in note 31 of the Group's accounts.

12 Auditors' remuneration

All auditors' remuneration is borne by Computacenter (UK) Limited a fully-owned UK subsidiary of the Company.

Group five year financial review

Year ended 31 December

Financials

	2004 £m	2005 £m	2006 £m	2007 £m	2008 £m
Revenue	2,410.6	2,285.2	2,269.9	2,379.1	2,560.1
Adjusted ¹ operating profit	66.2	28.9	33.3	41.7	42.1
Profit before tax ¹	67.9	35.7	38.0	42.7	39.1
Profit for the year	48.3	20.4	18.9	28.9	37.3
Adjusted ¹ diluted earnings per share	25.6p	11.8p	13.8p	18.5p	21.2p
Net cash/(debt) excluding CSF	41.2	101.0	29.4	(16.2)	4.6
Year-end headcount	9,610	9,370	9,328	9,903	10,217

¹ Before amortisation of acquired intangibles and exceptional items. Adjusted operating profit is stated after charging finance costs on customer specific financing.
In 2008 adjusted diluted EPS also excludes the effects of exceptional items within the tax charge for the year.

Group summary balance sheet

Year ended 31 December

Computacenter plc Annual report and accounts 2008

	2004 £m	2005 £m	2006 £m	2007 £m	2008 £m
Tangible assets	89.9	81.6	84.9	116.4	123.3
Intangible assets	7.9	9.5	9.9	45.2	51.6
Investments	0.4	0.3	–	–	–
Deferred tax asset	1.5	5.5	6.2	8.2	16.7
Inventories	118.9	100.2	94.6	110.5	105.8
Trade and other receivables	399.4	383.0	427.3	454.2	529.5
Prepayments and accrued income	55.2	63.5	50.4	61.4	97.7
Forward currency contracts	–	0.2	0.1	(0.4)	(0.6)
Cash	138.2	164.8	77.9	29.2	53.4
Assets held in disposal groups held for sale	9.2	–	–	–	–
Current liabilities	(468.6)	(461.9)	(459.8)	(496.1)	(602.6)
Non-current liabilities	(19.8)	(16.0)	(26.4)	(50.4)	(53.6)
Liabilities included in disposal groups held for sale	(6.9)	–	–	–	–
Net assets	325.3	330.7	265.1	278.2	321.2

Group financial calendar

79

Financials

Annual General Meeting	15 May 2009
Final dividend record date	15 May 2009
Final dividend payment date	11 June 2009
Interim results 2009	27 August 2009
Interim dividend record date	11 September 2009
Interim dividend payment date	9 October 2009

Computacenter plc Annual report and accounts 2008

www.computacenter.com

Corporate information

Board of Directors

Greg Lock (Chairman)
Mike Norris (Chief Executive)
Tony Conophy (Finance Director)
Cliff Preddy (Senior Independent Director)
Philip Hulme (Non-Executive Director)
Ian Lewis (Non-Executive Director)
Peter Ogden (Non-Executive Director)
John Ormerod (Non-Executive Director)

Company Secretary

Stephen Benadé

Registered Office

Hatfield Avenue
Hatfield
Hertfordshire
AL10 9TW
United Kingdom
Telephone: +44 (0) 1707 631000

Registrar and Transfer Office

Equiniti
Aspect House
Spencer Road
Lancing
BN99 6FE
United Kingdom
Tel: +44 (0) 871 384 2074
(Calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' cost may vary).

Principal Bankers

Barclays Bank plc
PO Box 544
54 Lombard Street
London
EC3V 9EX
United Kingdom
Tel: +44 (0) 845 755 5555

Stockbrokers and Investment Bankers

HSBC Investment Bank plc
Level 18
8 Canada Square
London
E14 5HQ
United Kingdom
Tel: +44 (0) 20 7991 8888

Credit Suisse
One Cabot Square
London
E14 4QJ
United Kingdom
Tel: +44 (0) 20 7888 8888

Auditors

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU
United Kingdom
Tel: +44 (0) 1582 643000

Solicitors

Linklaters
One Silk Street
London
EC2Y 8HQ
United Kingdom
Tel: +44 (0) 20 7456 2000

Company Registration Number

3110569

Internet Address

Computacenter Group
www.computacenter.com

Principal Offices

UK and Group Headquarters

Computacenter (UK) Ltd
Hatfield Avenue
Hatfield
Hertfordshire
AL10 9TW
United Kingdom
Tel: +44 (0) 1707 631000
Fax: +44 (0) 1707 639966

Belgium

Computacenter NV/SA
Ikaroslaan 31
B-1930 Zaventem
Belgium
Tel: +32 (0) 2 704 9411
Fax: +32 (0) 2 704 9595

France

Computacenter France SA
150 rue de la Belle Etoile
ZI Paris Nord 2
BP 50387
95943 Roissy CDG Cedex
France
Tel: +33 (0) 1 48 17 41 00
Fax: +33 (0) 1 48 63 04 72

Germany

Computacenter AG & Co. oHG
Europaring 34-40
50170 Kerpen
Germany
Tel: +49 (0) 22 73 / 5 97 0
Fax: +49 (0) 22 73 / 5 97 1300

Luxembourg

Computacenter PSF SA
Rue des Scillas 45
L-2529 Howald
Luxembourg
Tel: +352 (0) 26 29 11
Fax: +352 (0) 26 29 1 815

Netherlands

Computacenter N.V.
Beech Avenue 54-80
1119 PW, Schiphol-Rijk
The Netherlands
Tel: +31 (0) 20 658 6800
Fax: +31 (0) 20 658 6111

South Africa

Building 3
Parc du Cap
Mispel Road
Bellville, 7535
South Africa
Tel: +27 (0) 21 957 4900
Fax: +27 (0) 21 948 3135

Spain

Computacenter Services (Iberia) S.L.U.
C/Balmes 236
08006 Barcelona
Spain
Tel: +34 (0) 936 207 000
Fax: +34 (0) 936 207 040

Regency is produced in an area of exceptional natural beauty, heavily protected by environmental legislation. It is therefore important for the mill to monitor all its environmental processes to match that of the local environment as well as national legislation. Cartiera del Garda is ISO 14001 certified and only uses celluloses with an ECF bleaching process.

Our printers hold the Forest Stewardship Council (FSC) Chain of Custody accreditation, a certification demonstrating their ability to trace paper sourced from sustainable managed forests, through to the final product. This accreditation allows our printer to display the FSC logo on all work produced by them using FSC papers.

They are accredited with the internationally recognised ISO 14001 Environmental standard demonstrating their commitment to the continual monitoring and improvement to all Company related issues affecting the environment.

Computacenter plc

Hatfield Avenue, Hatfield,
Hertfordshire AL10 9TW,
United Kingdom
Telephone +44 (0) 1707 631000
Fax +44 (0) 1707 639966

www.computacenter.com
E&OE. All trademarks acknowledged.
© 2009 Computacenter.
All rights reserved.

www.computacenter.com