

Building a strong platform

Annual Report
and Accounts 2013



Strategic report

IFC Highlights 2013

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Revenue (£m)**+5.4%****Adjusted* profit before tax (£m)****+3%****Adjusted* diluted earnings per share (pence)****+6.1%****Total dividend paid per share (pence)****+12.9%**

* Adjusted profit before tax and diluted earnings per share are stated prior to exceptional items and amortisation of acquired intangibles. Adjusted operating profit is also stated after charging interest on customer specific financing. Exceptional items for 2012 have been restated to take account of the reclassification of trading losses and provisions in respect of the three onerous German contracts.

Who we are

**Our ambition is to be
Europe's preferred IT
provider.**

**Our mission is to enable
Enterprise and Corporate
organisations to maximise
the value of IT.**

**In doing so, we deliver
best-in-class services
to our customers,
strong returns for our
shareholders and enrich
our employees' careers.**



Mike Norris
Chief Executive Officer

Our business

What we do



Consult & Change What we do

Delivering a set of predictable, proven solutions that optimise customers' technology, enabling effective change and achievement of business goals.



Source & Deploy What we do

Determining and providing appropriate products and commercials to address customers' technology requirements, providing a complete service and support throughout the lifecycle.



Manage & Transform What we do

Providing maintenance, support, transformation and management of customers' IT infrastructures and operations to improve quality and flexibility of service, while significantly reducing costs.

Revenue characteristics

Dependent on forward order book.



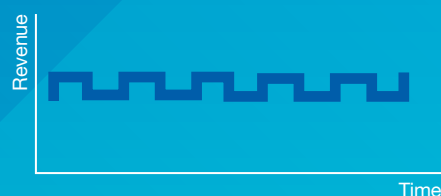
Revenue characteristics

Large contracts, low margins and low visibility.

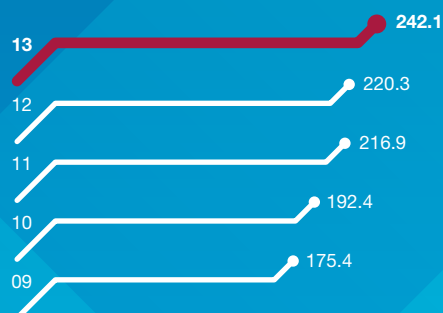


Revenue characteristics

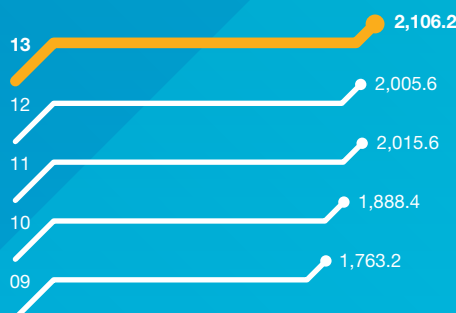
Visible and stable.



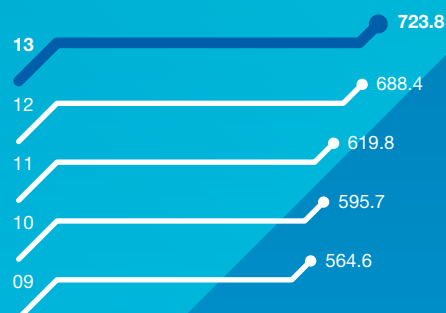
Split of turnover (£m)



Split of turnover (£m)



Split of turnover (£m)



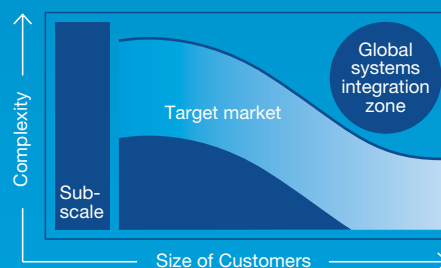
Where we do it and who we do it for

We aim to provide our Services to large and medium-sized enterprise and corporate organisations headquartered in Western Europe.

Through investment in our own capabilities and the development of our strategic partner network, we are able to provide our Services to our customers wherever they do business around the world.

We allow our customers to focus their attention on what is important to them: their business.

Our target market



Chairman's statement

A positive year for our Company



Greg Lock, Chairman

Dear Shareholder,

I am pleased to report a positive year for our Company with good progress on many fronts for Computacenter.

Revenue grew 5.4 per cent to a record high of £3.072 billion, our adjusted* profit before tax was a solid £81.7 million and our strong consistent cash generation enabled us to make a special return of approximately £75 million to our shareholders, in addition to regular dividends.

We did not, however, meet our plan in France and were disappointed with our performance there. While business conditions in that country were challenging,

most of the problems were of our own making. We took too long to implement the Group ERP system and this resulted in logistics issues that have depressed our profit and temporarily increased our working capital requirements which have, in turn, negatively impacted our cash position in the short term.

We managed to stabilise our problem contracts in Germany and reengineered our processes and organisation there. As a result, our German business has performed well in 2013, and it is now better positioned for the future. In the UK, the business was strong in both product sales and Services revenues and profit, and we were pleased with our progress across all fronts.

All of this added up to healthy revenue growth and solid profit for the Group as a whole.

The implementation of our Group Operating Model in the UK and Germany is substantially complete and we expect solid progress from our businesses in each of these countries during 2014. The changes in management and organisation we are making in France will not deliver much profit improvement in the coming year, but we are determined to focus on the long term.

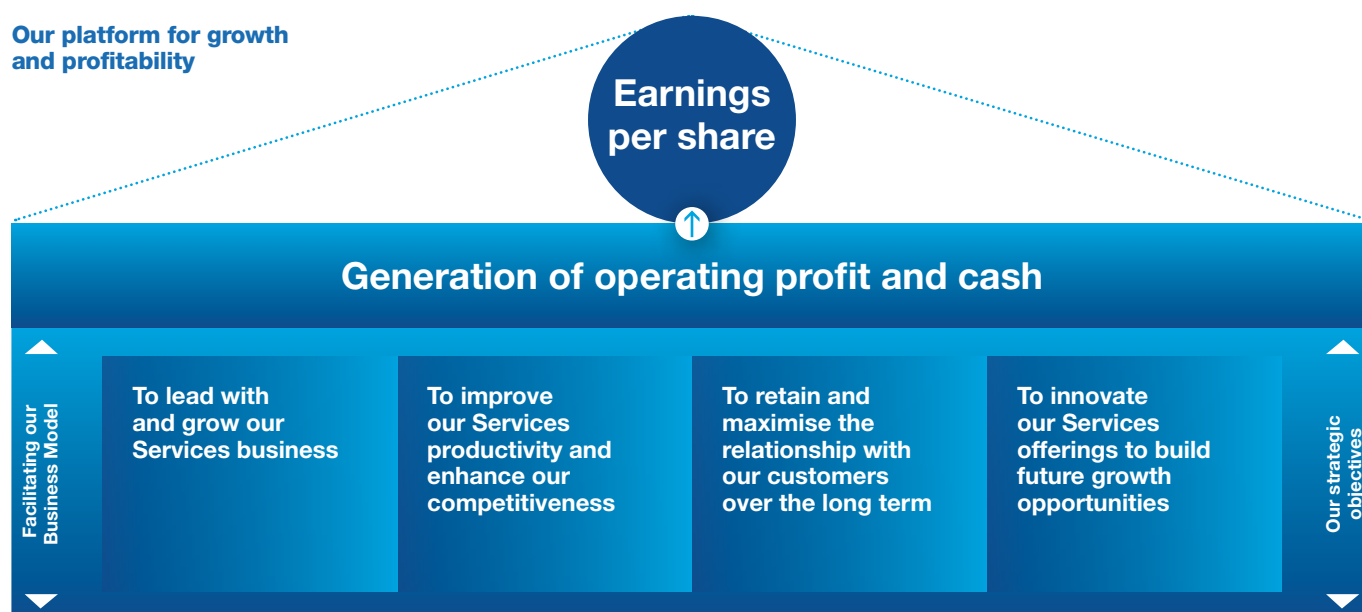
We have no borrowings, strong cash flow and healthy customer relationships in all aspects of our business and we face the future with confidence in our strategy and in our operational capability. Where we have stumbled we have reacted vigorously to improve our performance and our long-term prospects.

I take this opportunity to thank our customers for their confidence in us and the business they have given us, and our employees for their skills, development and performance.

I trust you will find the above summary and the details which follow to be fair, balanced and understandable.

Greg Lock
Chairman
10 March 2014

Our platform for growth and profitability



* Adjusted profit before tax and diluted earnings per share are stated prior to exceptional items and amortisation of acquired intangibles. Adjusted operating profit is also stated after charging interest on customer specific financing. Exceptional items for 2012 have been restated to take account of the reclassification of trading losses and provisions in respect of the three onerous German contracts.

Chief Executive's strategy review

Building a strong platform



Mike Norris, Chief Executive

For the Executive Management at Computacenter, 2013 has been about three main priorities. All of them relate to our aim of building a strong platform for our business.

It is a strong platform that will allow us to deliver consistently for our customers and ensure that we remain in a position to respond to the current and future needs of their businesses.



Firstly, we have taken action to ensure that we have in place appropriate governance processes and procedures, so that the Services we provide to our customers adhere to our Group standards of quality and reliability no matter where from, or by whom within the Group, those Services are delivered. With this in mind, you will see reference within the following pages to the implementation of our Group Operating Model. We believe that this is fundamental to the development of our business and the achievement of our strategic objectives as we look to pursue medium term Services growth. The background to, and operation of, this model is explained in more detail on pages 10 and 11 of this strategy review by our Chief Operating Officer, Chris Webb.

I am pleased to inform you that the impact of the model on our German business, since its implementation in January 2013, has been very positive. We look forward to its full implementation within our French business over the coming few months.



We have additionally carried out an extensive strategy review process, and our current shareholders that received our 2012 Annual Report and Accounts will notice that the Group's strategic objectives have been modified as a result. As is explained on page 19, we will continue to invest in our technical capability and scale to allow us to achieve these updated objectives.



Finally, although 2013 has been a year of good underlying business performance by the Group, it has also required some tough decisions to be made by the Group that have impacted our short-term profitability. However, we are confident that these decisions will allow us to provide additional value for our shareholders over the medium term.

We hope to receive your support at the Company's 2014 Annual General Meeting.



The following pages describe the elements that are helping us to build a strong platform for our business.

Our strategy – page 06

Delivering for and retaining our customers will allow us to grow our Services business and maximise the return for our shareholders over the long term.

Our sustainable business model – page 08

Puts the needs and satisfaction of our customers at the heart of our business.

Our Group Operating Model – page 10

Enhancing and driving efficiencies within our operational capability through investment in our people and industrialisation of our processes will allow us to compete in our markets through both quality and cost of our Services.

Our risk management approach – page 12

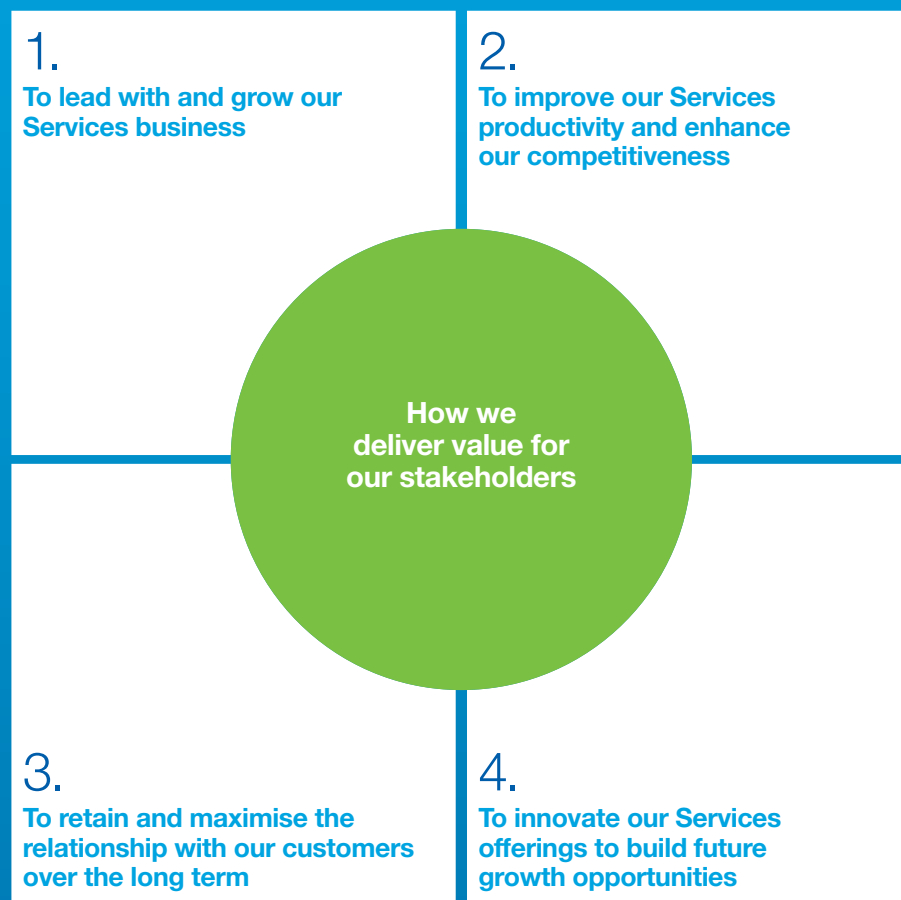
Robust risk mitigation underpins everything we do.

Our key performance indicators – page 16

Measurable performance is key to future growth and achieving our aims.

Our strategy

Delivering against the plan



2012, we have nonetheless been pleased with our performance. In Germany, in 2012 and the first half of 2013, we curtailed our business marketing activities and restricted our bidding efforts to those opportunities which we perceived to have an attractive risk profile. However, following the success we have seen with new contracts on-boarded in 2013 by our German business in accordance with our Group Operating Model, we have now started to increase our efforts to win new business again. The Services offering of our French business is not as mature as that in the UK or Germany, but in 2013 we have managed to secure the largest Services contract ever entered into by the Group, for a customer with its head office located in France. The bidding process for this contract was carried out in accordance with our Group governance procedures, and we will use our Group subsidiaries and our global partners to deliver the relevant Services to the customer.

We have continued to invest in the footprint and capability offered by our Services business, opening new Services Desks in Hungary and Malaysia, and increasing our capacity in Berlin, Milton Keynes and Barcelona.

Our remote management capability of our customers' assets has been enhanced with increased capacity and advanced tooling.

What we intend to do in 2014

We believe that we are seeing the early signs of recovery within the macro-economies of our two principal operating countries, the UK and Germany. Whilst it remains to be seen whether this can be sustained, with our Group Operating Model now firmly embedded within both businesses, we are in a position to capitalise on any IT Services investment growth within our target markets. In France, the most important task is on-boarding the large contract won in 2013, not least because it provides us with a referencing opportunity, which will be key to the generation of new customers as we transition our French business to be more Services-focused in the medium term. Whilst this will be no easy task given the current market positioning of our French subsidiary, it is a task that Group Executive Management is wholly committed to completing. As part of this transition, we are planning to offer another major Service Desk location this year to enhance our IT Services French language capability.

1

To lead with and grow our Services business

What we achieved in 2013

In 2013, we saw a 6.3 per cent Services revenue growth across the Group on an as reported basis, and 3.7 per cent Services revenue growth in constant currency. Our two lead indicators in this area are our Contractual Services base growth and our project pipeline. In respect of the former, the UK business continues to grow well in excess of overall market growth, in part due to our ability to win second generation or third generation outsourcing contracts. Whilst the rate of Contractual Services growth in 2013 has not matched the levels seen in 2011 and

- ➔ **Strategic priorities**
- ➔ Business model
- ➔ Group Operating Model
- ➔ Risk
- ➔ KPIs

2

To improve our Services productivity and enhance our competitiveness

What we achieved in 2013

As a result of our three-year UK industrialisation programme, we were able to bring and develop our productivity model and measures across our scale-shared Services engines. This resulted not only in a constant and hugely successful Service delivery into our customers, but also a series of competitive price points which underpinned our Services renewals and wins during the year.

We believe that 2013 has seen a significant improvement in our processes for bidding and on-boarding our Services business within our German subsidiary, following the implementation of our Group Operating Model early in the year. We have been pleased with the results we have seen so far in respect of those contracts on-boarded in Germany in accordance with the model during the year.

What we intend to do in 2014

The same measures and models that have been used successfully within our UK business will be applied within our German and French operating subsidiaries. This will be facilitated by the continuing refinement of the use of our Group Operating Model in Germany and the introduction of the model to our French business early in 2014. The presence and input of our senior management team, along with the implementation of our revised bidding process, should drive and increase our win ratios in each country, whilst ensuring that we are fully capable of delivering the Service that we agree to provide to our customers.

3

To retain and maximise the relationship with our customers over the long term

What we achieved in 2013

Computacenter remains focused on large and medium-sized enterprise and corporate customers headquartered in Western Europe, supporting their needs in their local markets, and globally, where appropriate. The key to our development as a business is being able to attract these customers through our best-in-class Services capabilities, and then delivering a portfolio of Services and Solutions to them. We recognise that whilst it is vital to generate new Services business, it is just as important to us to ensure that we maintain our existing relationships to reduce our average cost expended to generate Services engagements, which is lower when through repeat business. Nowhere has our commitment to deliver on the promises that we make to our customers been more evident than in 2013 within our German Managed Services business. On our three onerous contracts we have prioritised our relationship with the customer and the delivery of customer satisfaction, both of which are key to the sustainability of our business model, over the short-term profitability of the business.

Our achievement of this objective, or otherwise, can be measured in a number of different ways. However, the simple metric that the Group uses is the number of customers where the Group generates more than £1 million of contribution from across our portfolio.

The retention by our UK business of its number one ranking within KPMG's UK Outsourcing Service Provider Performance and Satisfaction Survey was an important achievement within the context of this strategic objective. The uncompromising approach of our UK business to the achievement of customer satisfaction was also evidenced by its joint top ranking within a study, carried out by the Whitelane Research Group, measuring the performance of 24 outsourcing providers in the UK and 700 UK IT outsourcing contracts worth £15 billion in total.

What we intend to do in 2014

Whilst it is always our ambition to retain our clients over the long term, we recognise that the spending patterns of our customers can go up and down on projects that they deploy within their organisations. Our target in 2014 is to increase the number of customers that are found within our target markets where contribution is greater than £1 million, by adding both new clients, as well as increasing the range of Services and Solutions that we sell to our existing customers.

4

To innovate our Services offerings to build future growth opportunities

What we achieved in 2013

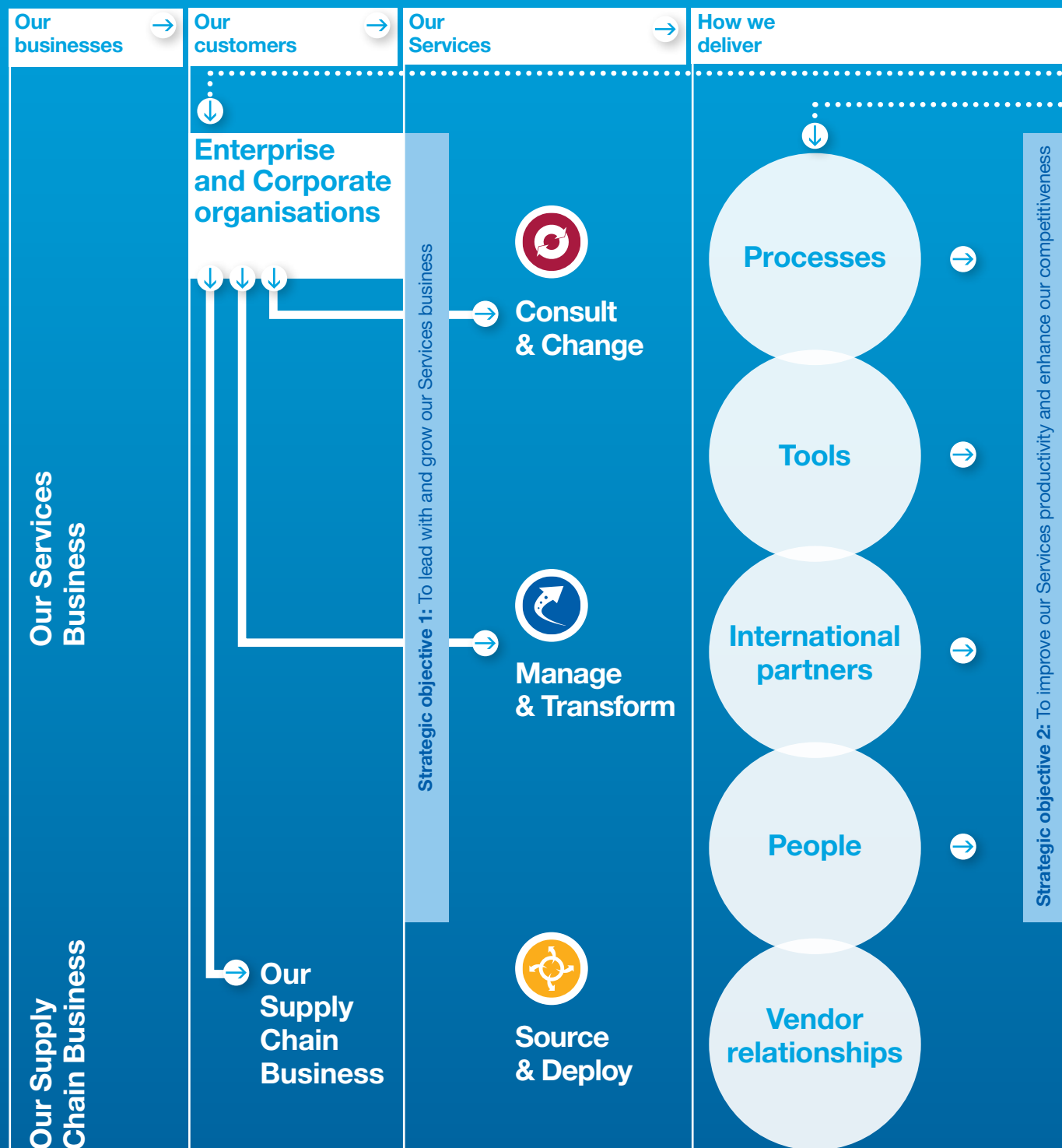
In 2013, we carried out a comprehensive review of our strategy. This included a review of our current Services offerings and how our capabilities will need to develop in order to meet the future needs of our customers. This also included analysis of how these will be impacted by new technologies and in particular developments in social media, mobility, analytics and cloud. We believe that these areas, amongst others, present incremental growth opportunities for Computacenter. Our customers, the IT departments of enterprise and corporate organisations across Western Europe, are under increasing pressure from their IT user communities to enhance and consumerise their experience, and we will continue to develop our offerings to ensure that we remain relevant to, and can respond appropriately to, the needs of these departments that arise as a result.

What we intend to do in 2014

Broadly speaking, our priorities during 2014 will be three-fold. Firstly, to enhance our Service desk experience, enabling our customers to self-serve and automate their request and support environment. We will also attempt to enable and enhance the mobile experience of IT users within our customers. Finally, we will extend our offerings into additional Western European countries.

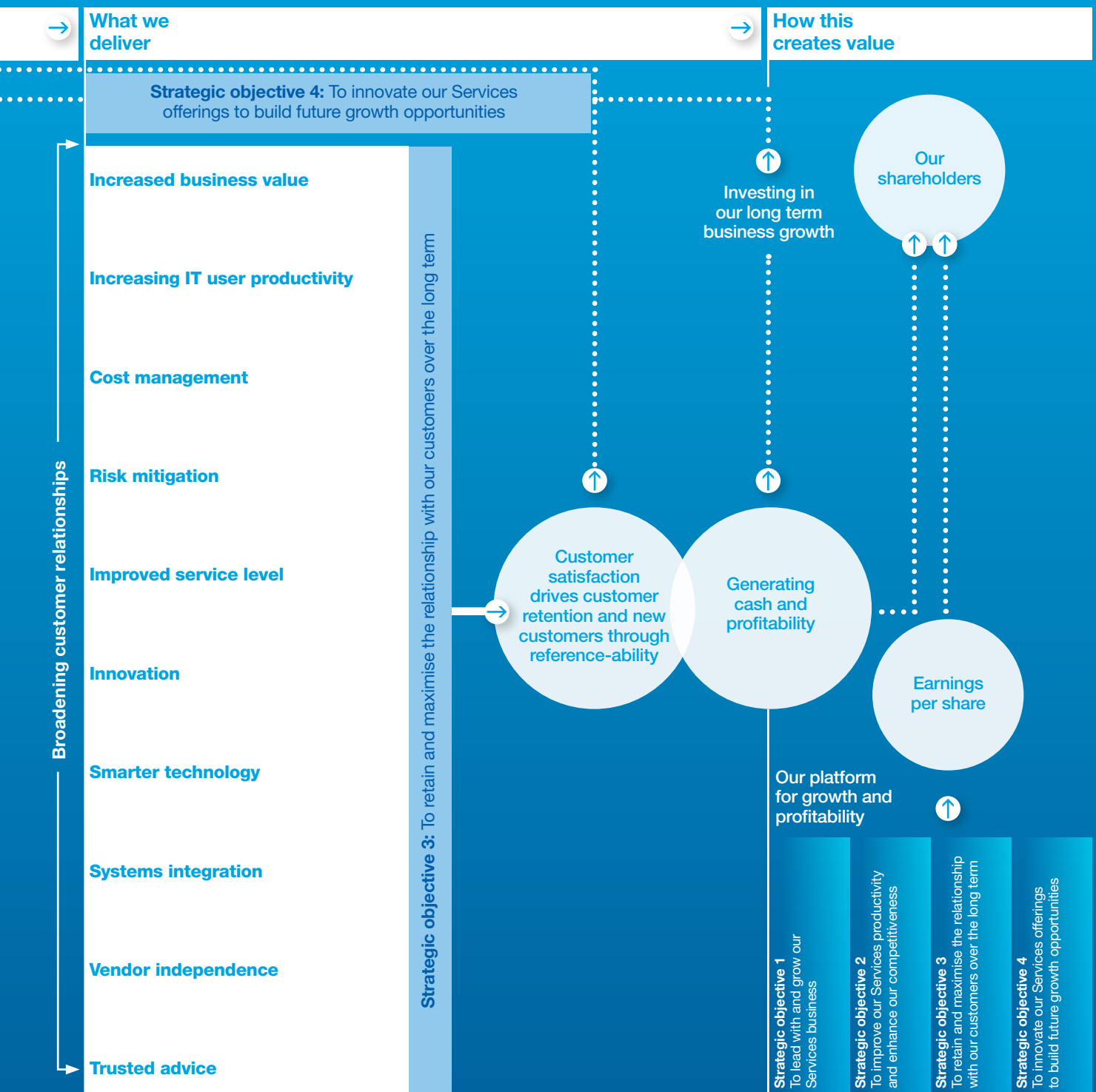
Our sustainable business model

We aim to delight our customers and deliver for our shareholders



Find out more about... Who we provide our Services to on page 2 The Services we provide on page 2 The investments we have made in our processes on page 19

- Strategic priorities
- **Business model**
- Group Operating Model
- Risk
- KPIs

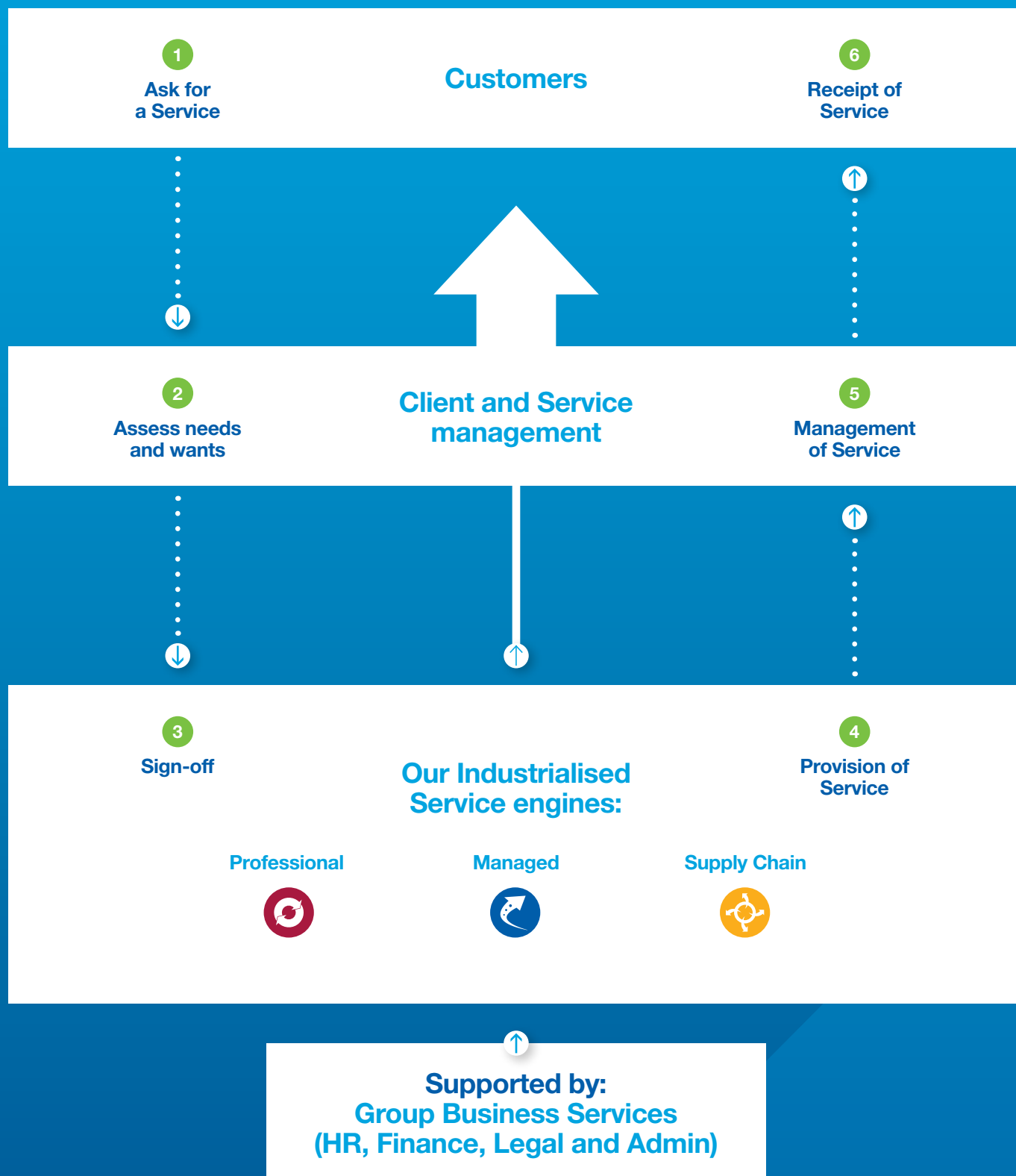


What we have been delivering for our customers on pages 22 and 23

The financial value we have delivered to our shareholders in 2013 on pages 17 to 33

Our Group Operating Model

Industrialising our processes



- ➔ Strategic priorities
- ➔ Business model
- ➔ **Group Operating Model**
- ➔ Risk
- ➔ KPIs

1

Customers ask us for a Service

Every customer has an assigned account manager and will often have a Service manager. These customer management teams are run in-country in order to achieve the greatest level of customer proximity possible. Our aim is to partner with the customer's Information Services Department in enabling the overall business objectives of the company they work for.

2

The in-country teams represent the customer's needs and wants into the Group Services functions

Group Services are those Services which we have industrialised to provide cost effective and repeatable outcomes. They range from (i) Supply Chain Services, such as Product Supply and Configuration, through to (ii) Professional Services, such as Project Management and additionally Engineering, Installation and Maintenance, and (iii) Managed Services, such as Service Desk, Remote Infrastructure Management and Outsourcing.

3

The Group Service teams advise on our ability to meet the customer requirement and price point before formally signing off our commitment to fulfil their need

For all large contracts, Group Legal provide a contracting and legal Service. This overall sign-off process allows us to apply a highly-effective formal governance procedure to deal with the challenge of meeting our customers' varied needs.

4

The industrialised Service 'engines' provide the Service to the customer

These engines are operated as shared teams generally, but customers will on occasion request to have a dedicated team.

5

The customer is able to access all of Computacenter's resources, offers, best practices and experience through their account teams and Service management teams

The account team manage overall relationship and commercial arrangements with the customer, and the Service management team manage the overall Service delivery.

6

Receipt of Service

The customer receives industry-leading, cost-effective, reference-able IS support.

Overall

All of Computacenter's teams combine to work together to deliver the industry's number one customer satisfaction Service.



Chris Webb,
Group Chief Operating Officer

Following a successful industrialisation programme run in the UK from 2009 to 2012, the Group Operating Model was officially created in September 2012 in readiness to be rolled out into Computacenter in Germany during 2013. It is being introduced to Computacenter in France in 2014.

By combining, centralising and standardising as much Service provision into our shared Group Services engines as possible, we are able to drive attractive economies of scale and apply formal governance. We also create the opportunity to improve and drive best practices, as well as lessons learnt.

A practical example of the Group Operating Model is our business take-on process. We have a five-stage gateway controlled process which ensures that at each stage we, and the customer, are in control and ahead of the dependencies a successful take-on requires. Using this process, we have been able to complete 25 successful take-ons in the UK and arrest the take-on issues we suffered in Germany in 2012.

As most of our customer service is provisioned out of our centralised Group Service teams, the in-country teams are able to focus on staying informed and often ahead of our customers' changing business IS priorities. They are also able to spend time and focus on attracting new customers.

Our risk management approach

The Board of Directors is responsible for reviewing and monitoring the Company's risk management process and internal control systems. The Board has considered the nature and extent of the risks it is willing to take in pursuit of the Group's strategic objectives.

Our risk appetite

We have a healthy risk appetite where we understand the risks based on our experience in, and knowledge of, our business. Conversely, we have a low appetite for risk where we have less knowledge, experience and understanding of the accompanying exposures.

We balance risk appetite with opportunities for further business development, and long-term customer satisfaction. Our risk appetite is managed through the Matters Reserved for the Board and related operational governance documents. This is an intrinsic part of our risk management approach.

Our overall aim is to embed and evolve risk management to support the achievement of our strategic objectives.

The annual risk identification and assessment process is integrated with the strategic planning process. The process starts with the Board setting the strategic objectives for the Group. The Board and the Group Executive Committee then consider the barriers to achieving the strategic objectives and, in turn, assess the level of risk in the context of our defined risk appetite. This top-down key risk assessment process is linked through the Group Risk Committee to a Group-wide, bottom-up business risk assessment process. There is clear linkage between the two approaches, with the bottom-up risks mapping to a risk appearing on the top-down Group Risk Log. The risk management framework is shown on the page opposite.

The principal risks are subject to robust challenge on the effectiveness of the mitigations and safeguards. This challenge is delivered at the highest level through the Group Risk Committee which is comprised of senior management and Country Heads. On a cyclical basis, a selection of principal risks is considered at each meeting of the Group Risk Committee to ensure complete

coverage annually. For each principal risk under consideration, the risk owner presents on the risk, the potential customer and internal impacts, the mitigations, what has changed and is changing, triggers, and key metrics. The Group Risk Committee challenges what has been presented and collectively agrees an assessment of the status of the risk and the mitigations.

The minutes from the Group Risk Committee, along with the current status of each principal risk, are reported to the Audit Committee and to the Board. From 2014 going forward, at each Board meeting following a quarterly Group Risk Committee meeting, there is a Board agenda item to discuss, for each principal risk covered, the effectiveness of the mitigations and safeguards, the level of challenge applied, and whether the management assessment of the current status remains appropriate.

Our strategic objectives and principal risks

1. To lead with and grow our Services business

We will grow the level of our Services offerings, which we provide to large and medium-sized international enterprises which are headquartered in Western Europe, and will serve these enterprises in their home markets and globally.

2. To improve our Services productivity and enhance our competitiveness

We will continue to reduce our costs and increase the efficiency of our Services operations through the industrialisation of our processes and the development of our tools to increase productivity.

3. To retain and maximise the relationship with our customers over the long term

While we will lead with our Services offerings, we will develop: (i) the relationships we have with our Vendor Partners and, (ii) the ability of our people to ensure that our customers are aware of, and have access to, the full range of capabilities that we can provide them with. We will also aim to develop our reference-ability and repeat business through the achievement of high levels of customer satisfaction.

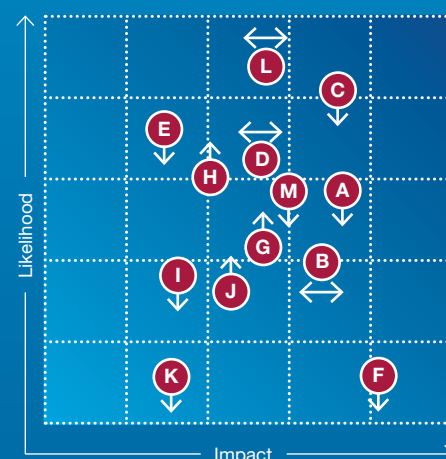
4. To innovate our Services offerings to build future growth opportunities

We will continue to adapt our Services offerings to meet the requirements of our customers as they are driven by changes in the deployment and use of technology.

The risk identification and assessment process gave rise to 13 principal risks this year, which make up our formal Group Risk Log. This is set out on pages 14 and 15 of this report. Our principal risks continue to be concentrated around the availability and resilience of systems, our people, our cost base, technology change, and in the design, take-on, and running of large Services contracts.

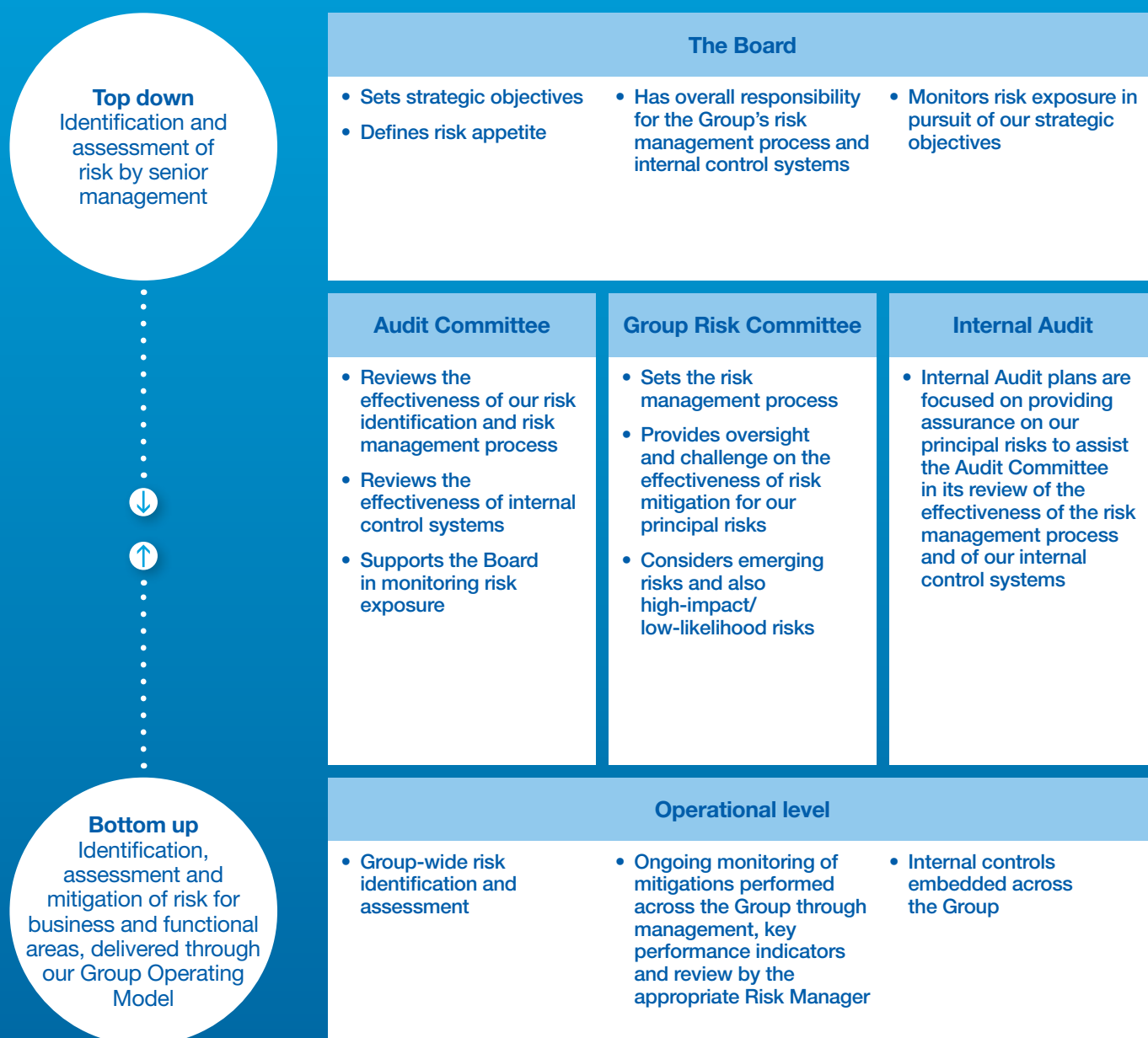
The likelihood and impact of our principal risks are shown on the heat map below, with the highest likelihood and highest impact risks sitting in the upper right section, and the lowest likelihood and lowest impact risks sitting in the lower left section.

Risk Heat Map



- ↓ Alert status down
- ↑ Alert status up
- ↔ Alert status holding

Risk management framework



Our risk management approach continued

Principal risks	Principal impacts	Impacts strategic objective	Primary mitigations
A Failure(s) leading to unacceptably long outages or regular short outages of our customer-facing systems.	<ul style="list-style-type: none"> Customer dissatisfaction Financial penalties Contract cancellations Reputational damage 	1 & 2	<ul style="list-style-type: none"> All centrally-hosted systems are built and operated on High Availability infrastructure. Enhanced Group IS support models, with key Operations and Applications staff on call 24x7 to respond quickly in the event of failures or issues.
B Not recruiting and retaining the right calibre of staff across any of our customer-facing functions.	<ul style="list-style-type: none"> Customer dissatisfaction Financial penalties Contract cancellations Reputational damage 	1, 2, 3 & 4	<ul style="list-style-type: none"> We perform regular remuneration benchmarking to ensure we remain competitive. We invest in management development programmes. There is an annual staff survey to understand employee views. We have implemented a series of staff retention initiatives.
C We fail to implement appropriate designs and pricing structures for Managed Services or outcome based project management contracts.	<ul style="list-style-type: none"> Reduced margin Loss-making contracts Customer dissatisfaction Financial penalties Contract cancellations Reputational damage 	1 & 4	<ul style="list-style-type: none"> The Group Operating Model is in place in the UK and Germany, and is in the process of being deployed in France. This incorporates mandatory gateway governance products and processes, as well as the Group signing policy. There is Board oversight of significant bids.
D Inadequate succession planning and not enough management depth within key senior management areas of the business.	<ul style="list-style-type: none"> Lack of leadership 	1 & 4	<ul style="list-style-type: none"> Board consideration of succession plans. Management development programmes to develop talent.
E Letting our direct costs run out of control and not taking advantage of productivity and cost reduction opportunities.	<ul style="list-style-type: none"> Reduced margin 	1 & 2	<ul style="list-style-type: none"> We employ a range of metrics on a monthly and quarterly basis to ensure that we properly manage our direct costs and monitor productivity. We have a programme of activities to deliver cost reduction opportunities, through the reduction of manual effort.
F Technology change dramatically reduces customer need and demand for our Service offerings.	<ul style="list-style-type: none"> Reduced margin Excess operational staff Contracts not renewed 	1, 3 & 4	<ul style="list-style-type: none"> We mitigate this through a range of measures including win/loss reviews, senior management forums and strategy reviews where we consider our offerings alongside where the market is going.
G Failure to deliver and manage effectively our international business strategies. By association the risk around take-on and management of our international partners.	<ul style="list-style-type: none"> Reduced margin Customer dissatisfaction Financial penalties Contract cancellations Reputational damage 	1 & 3	<ul style="list-style-type: none"> Annual senior management review of our international business and team. In relation to our partner network we have upgraded our contracts and have increased the level of monitoring activity.

- ➔ Strategic priorities
- ➔ Business model
- ➔ Group Operating Model
- ➔ **Risk**
- ➔ KPIs

Principal risks	Principal impacts	Impacts strategic objective	Primary mitigations
H Failure to develop a Group culture.	<ul style="list-style-type: none"> Loss of synergies Loss of brand identity 	1 & 2	<ul style="list-style-type: none"> Deployment of Group Operating Model resulting in consistent ways of working. Initiatives to reduce in-country barriers.
I Letting our inventory and/or receivables get out of control.	<ul style="list-style-type: none"> Financial impact through obsolete stock and/or bad debts 	2	<ul style="list-style-type: none"> We mitigate these risks through a range of measures including: monthly and quarterly metrics, credit scoring and credit limits for customers, and utilisation of direct delivery where possible.
J A security hacking or virus problem at a customer that is due to Computacenter's negligence, mismanagement or employee rogue behaviour leading to a breach and/or loss of data.	<ul style="list-style-type: none"> Customer dissatisfaction Financial penalties Contract cancellations Reputational damage 	1, 2 and 4	<ul style="list-style-type: none"> We have well-communicated Group policies for information security and virus prevention. There is specific induction and training for staff working on customer sites/systems, as well as specific policies and procedures for anyone working behind a customer firewall.
K Not fully understanding employment terms and conditions and the obligations on Computacenter resulting from transferring staff into the Company.	<ul style="list-style-type: none"> Reduced margin 	2	<ul style="list-style-type: none"> Our Group Legal team review all bids that involve staff transfer. We build the effects of transferring staff into our cost and pricing models, and seek to build commercial terms into new contracts to minimise impact.
L Failure to deliver against contract during transformation and committed Service productivity improvements and Service levels in contract life leading to penalty clauses or financial underachievement and a lack of Service or technical innovation.	<ul style="list-style-type: none"> Customer dissatisfaction Financial penalties Contract cancellations Reputational damage Reduced margin 	1, 2 & 4	<ul style="list-style-type: none"> The Group Operating Model is in place in the UK and Germany, and is in the process of being deployed in France. This incorporates mandatory gateway governance products and processes, as well as the Group signing policy and Service management best practice. We have an increasingly mature root cause analysis and lessons learnt process for complex transformations. We perform regular commercial and contract 'deep dives' to manage Service productivity improvements.
M Not investing appropriately or over investing in the wrong automation, self-service and remote tools when compared to our competition.	<ul style="list-style-type: none"> Reduced margin Win less new business Contracts not renewed 	1, 2 & 4	<ul style="list-style-type: none"> This is linked to Risk F – we mitigate this through a range of measures including win/loss reviews, senior management forums and strategy reviews where we consider our offerings alongside our competitors and where the market is going.

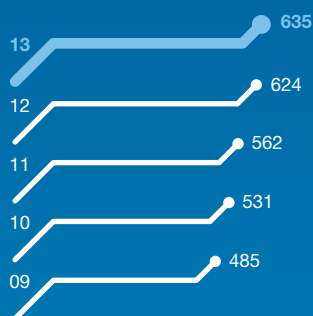
Key performance indicators

- ➔ Strategic priorities
- ➔ Business model
- ➔ Group Operating Model
- ➔ Risk
- ➔ KPIs

Strategic objective 1:

To lead with and grow our Services business

Service contract base (£m)



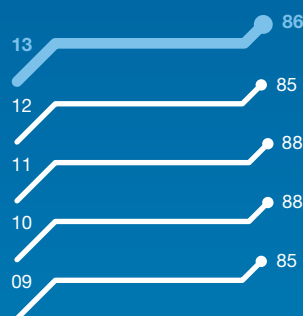
Ambition:

We want to grow the level of our Services offerings that we provide to large and medium-sized enterprises which are headquartered in Western Europe, and where they require us to do so, to serve those customers on a global basis.

Strategic objective 2:

To improve our Services productivity and enhance our competitiveness

Revenue generated per Services head (£'000)



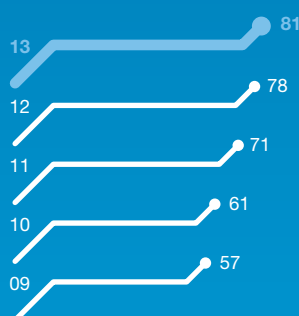
Ambition:

We will reduce our costs and increase the efficiency of our Services operations through the industrialisation of our processes and the development of our tools to increase productivity.

Strategic objective 3:

To retain and maximise the relationship with our customers over the long term

Number of customer accounts with overall contribution of over £1m



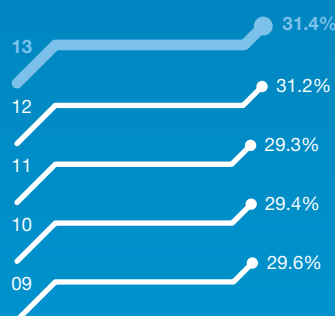
Ambition:

Whilst we will lead with our Services offerings, we will develop: (i) the relationships we have with our Vendor Partners and (ii) the ability of our people to ensure that our customers are aware of, and have access to, the full range of capabilities that we can provide them with. We will also aim to develop our reference-ability and repeat business through the achievement of high levels of customer satisfaction.

Strategic objective 4:

To innovate our Services offerings to build future growth opportunities

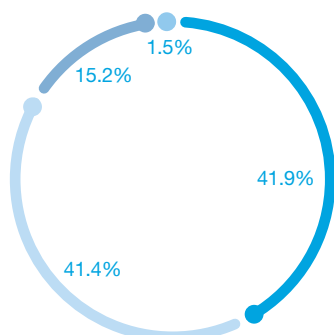
The share of our overall Services revenue against the Group's total revenue



Ambition:

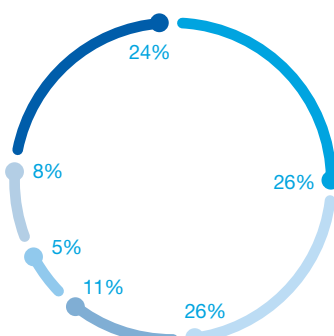
We will continue to adapt our Services offerings to meet the requirements of our customers as they are driven by changes in the deployment and use of technology.

Group revenue by region (£m)



- 1. UK – £1,286.1m
- 2. Germany – £1,271.4m
- 3. France – £466.3m
- 4. Belgium – £48.2m

Group revenue by business type (%)



- 1. Workplace – 26%
- 2. Datacenter & Networking – 26%
- 3. Software – 11%
- 4. Third Party Services – 5%
- 5. Professional Services – 8%
- 6. Contractual Services – 24%

Group

Turnover and Adjusted Profitability

2013 was a year of good progress for the Group, notwithstanding our disappointing business performance in France. The results outlined in this section include only one very small acquisition by our Belgian business at the end of 2012, and thus comparatives excluding acquisitions are not shown.

Total revenue increased by 5.4 per cent on a reported basis, to £3.072 billion, and by 2.5 per cent in constant currency. This was our fourth successive year of turnover growth and represented the first time that the Group has broken through the £3 billion revenue barrier.

The Group continued to consolidate on its significant Services growth seen in 2012. Group Services revenue increased by 6.3 per cent to £965.9 million on an as reported basis, and by 3.7 per cent in constant currency. This reflects our strategic focus on growing our Services business, which now represents 31.4 per cent of the Group's total revenue.

Our Supply Chain businesses in the UK and Germany also performed well, especially during the second half of the year. We believe this is a testament to the strength of our customer relationships within these markets, which themselves appear to be showing the signs of a sustained economic recovery. These performances fuelled Supply Chain revenue growth across the Group of 5.0 per cent on an as reported basis, and by 2.0 per cent in constant currency.

Group profitability was mixed within our main operating units, with adjusted* profit growth in the UK and Germany being substantially offset by our issues in France which became apparent during the course of the year. As a result, the Group's adjusted* profit before tax increased by 3.0 per cent to £81.7 million.

As a result of the overall increase in profitability and the Return of Value to shareholders, the Group's adjusted* diluted earnings per share has increased by 6.1 per cent to 43.3 pence in 2013.

Statutory Performance and Exceptional Items

The Group incurred £28.8 million of exceptional items in the period. On a statutory basis, taking account of exceptional items and amortisation of acquired intangibles, the Group made a profit before tax of £50.5 million.

As announced by the Group on 16 July 2013, a number of Managed Services contracts entered into by our German business in 2011 have failed to achieve the margins anticipated. Following a thorough review of these contracts in the first half of the year, it was established that three of these were forecast to be loss-making over the course of their lifetime, and we continue to forecast that this will be the case. The operational and financial performance of these contracts has been stabilised over the second half of the year, and they have continued to perform as forecast and in line with the provision within our 2013 Interim Accounts. As we move further into 2014, Management remain committed to both maintaining our relationship with these very important customers for the Group, whilst attempting to minimise the actual level of losses incurred regardless of the relevant provision made.

A number of cost-saving activities have been driven across the Group during the course of 2013. As a result of implementing our Group Operating Model in Germany, and simplifying the management structure across the Group, we have incurred restructuring charges of approximately £4.3 million during the course of 2013, in addition to the £1.5 million taken in 2012. Whilst the underlying trend of overall adjusted operating expenses ('SG&A') in France increased by 1.2 per cent in constant currency as a result of the cost of implementing our Group ERP system, we have no doubt that there will be a need to take action in 2014 to increase the competitiveness of our French business. As a result of the activity undertaken, we have already seen an SG&A reduction of 3.0 per cent in Germany in 2013.

As reflected previously in our 2013 Interim Results, the disappointing financial performance of our French business in 2013 has resulted in the requirement for a non-cash impairment to non-current assets in its cash-generating unit, relating to goodwill and acquired intangibles, of £12.2 million.

As part of our normal audit processes at the end of the financial year, we have carried out a detailed evaluation of our other long-term Services contracts across the Group. This has resulted in a one-off gain of £4.0 million which, due to its nature and size, has been classified by the Group as exceptional.

The table below summarises the adjusted* profitability and exceptional items for the Group as a whole:

From adjusted to statutory (2012 restated ¹)	FY 2013 £m	Restated FY 2012 £m
Adjusted* operating profit	81.4	78.0
Adjusted net interest	0.3	1.3
Adjusted* profit before tax	81.7	79.3
Onerous German Contracts		
– trading losses	(8.2)	(5.9)
– provisions remaining for future losses	(7.5)	(2.1)
	(15.7)	(8.0)
Non-cash impairment – France	(12.2)	–
Redundancy and other restructuring costs	(4.4)	(1.5)
Impairment of investment in associate	(0.5)	–
Services contracts re-evaluation	4.0	–
Costs in relation to relocation of premises	–	(2.4)
Total exceptional items	(28.8)	(11.9)
Amortisation of acquired intangibles	(2.4)	(2.6)
Statutory profit before tax	50.5	64.8
Diluted earnings per share measures		
Adjusted* diluted EPS – as restated in 2013	43.3p	40.8p
Adjusted* diluted EPS – as reported in 2012	n/a	36.1p
Statutory diluted EPS	23.0p	32.4p

Note

1 FY 2012 has been restated for the impact of the three onerous German contracts.

* Adjusted profit before tax and diluted EPS are stated prior to exceptional items and amortisation of acquired intangibles. Adjusted operating profit is also stated after charging interest on CSF. Exceptional items for 2012 have been restated to take account of the reclassification of trading losses and provisions in respect of the three onerous German contracts.

Summary of Operational Performance

Our UK business has performed well during the year, further building on the significant levels of Services growth that it achieved in 2012. The continuing ability of the UK Services business to deliver operational excellence to large customers has resulted in it being awarded the number one ranking within UK customer satisfaction surveys, carried out in 2013, by each of KPMG and the Whitelane Research Group. In addition, this has helped the UK Professional Services business to have a significant forward order book, which is now at a record high level.

Computacenter in Germany saw a year of stable performance, which was pleasing given the significant operational change which took place in 2013 due to the implementation of our Group Operating Model. This change was implemented due to the need to leverage the Group's systems and processes consistently across its operating geographies and has helped to resolve operational problems on the three onerous contracts, as well as ensure robust contract governance on new bids. It has been encouraging to see this action now begin to take effect, with a gradual increase in Services margins throughout the year from our existing Services business, excluding our three onerous contracts.

We have been extremely disappointed by the Group's performance in France. Whilst this has no doubt been impacted by the ongoing and prolonged poor market conditions, it was also impacted by a number of operational issues arising in part from the implementation of our Group ERP system. Whilst these operational issues are now substantially behind us, we are taking robust action in order to improve the performance of the business in the medium term. This includes the extension of our Group Operating Model into France, alongside a strategic shift towards a more Services-based business model, similar to those currently seen in the UK and Germany. There remains significant work ahead over the next 18 months to ensure that these changes are implemented successfully.



In the UK, recent business wins and improving margins in our Services business, combined with positive momentum in the Supply Chain business, gives us scope for further improvement.

Cash and Return of Value

Cash flow generation remained strong during the period and, at the end of 2013, net cash prior to customer specific financing ('CSF') was £90.3 million (2012: £72.3 million). Including CSF, net funds were £71.4 million (2012: £53.6 million). It should again be noted that this position continues to benefit by approximately £41 million (2012: £34 million) from the extended credit facility provided by one of our major suppliers. These extended terms have been in place for over four years, and while they can be withdrawn at any time, they have now been in place for such a significant period that, moving forwards, it is our intention to only report on these within our Annual Report and Accounts document, and no longer within each external announcement released by the Company.

The 2012 cash positions noted above exclude the £75 million of value returned to shareholders during 2013, in order to show a like-for-like comparison against the cash position as at the end of 2013. Our year-end cash position clearly demonstrates once again Computacenter's ability to turn operating profit into free cash, notwithstanding the impact of our 2013 challenges in France, which have temporarily tied up cash in working capital.

An additional Return of Value to shareholders totalling £75 million, or 48.7 pence for every existing ordinary share held at the close of trading on 11 June 2013, was successfully completed at the beginning of July 2013. As part of the Return of Value, an associated share capital reorganisation took place on 12 June 2013, whereby every ten Ordinary Shares of 6 pence each in the Company were effectively consolidated into nine Ordinary Shares of 6⅔ pence each. The Return of Value has reduced our interest income by approximately £0.8 million annually, with adjusted* diluted EPS augmented, as a result of the share consolidation, by approximately 9 per cent over the course of a full year. As the share capital reorganisation associated with the Return of Value took place in June 2013, the Company's adjusted* diluted EPS was augmented by approximately 4.5 per cent during the second half of 2013.

The Board will continue to evaluate the requirement to maintain an efficient balance sheet, and will endeavour to use our ability to generate free cash in order to continue to deliver incremental value for our shareholders.

Dividend

The Board has decided to propose a final dividend of 12.3 pence, bringing the total ordinary dividend paid for 2013 to 17.5 pence, representing a 12.9 per cent increase on the 2012 dividend paid of 15.5 pence. This regular dividend is consistent with our stated policy of maintaining dividend cover within our target range of 2 to 2.5 times our annual adjusted* diluted EPS. Subject to the approval of shareholders at our Annual General Meeting on 15 May 2014, the proposed dividend will be paid on Friday 20 June 2014. The dividend record date is set on Friday 23 May 2014, and the shares will be marked ex-dividend on Wednesday 21 May 2014.

Strategy and Investment

During the course of the year, we have undertaken a rigorous strategy review process, which has resulted in some refinement to the Group's strategic objectives, which are now as follows:

1. To lead with and grow our Services business;
2. To improve our Services productivity and enhance our competitiveness;
3. To retain and maximise the relationship with our customers over the long term; and
4. To innovate our Services offerings to build future growth opportunities.

To enhance and implement the result of the strategy review process, the Group has appointed a Head of Strategy recruited from within our German business and, additionally, a Service Innovation Director who joined with a significant track record for Services innovation development.

We have continued to invest appropriately to ensure that we have the technical and operational capability to meet our customers' needs. To support the ongoing demand for our Service desk offerings, we have invested in new supporting tool-sets to ensure high-level resilience and enable the ongoing development of our Service desk capability. In 2014, we will complete the upgrade of our entire global Service desk estate to this platform.

In accordance with our strategic objectives, we will continue to keep abreast of industry developments, particularly around the use of knowledge management to help drive self-service, first contact resolution and workplace efficiencies. This is facilitated by a substantial investment in the upgrade of our BMC Remedy platform involving the migration of all customers, where we manage incident and request activities.

In addition to capability, we have also developed our capacity to satisfy customer demand for low-cost European language service desk operations. In February 2014, the first of our customers, having recently renewed with us for a third term, transferred its service to our new facility in Budapest, Hungary. We have additionally increased the capacity of our Barcelona facilities and now have additional capacity to increase our offshore remote management facility in Cape Town.

Outlook

The Board expects Computacenter to make further progress in 2014. At such an early stage of the year it is difficult to be very specific about the outcome, but we believe all of our major geographies will move in the right direction.

In the UK, recent business wins and improving margins in our Services business, combined with positive momentum in the Supply Chain business gives us scope for further improvement.

In Germany, we do not expect a significant improvement in Services revenues until the second half of the year at the earliest but, nevertheless, there is some progress to be gained through Services margin improvement. The onerous contracts in Germany should continue to perform in line with the provisions.

After a highly disappointing 2013 for our French business, we expect the French loss to reduce, but for the French business to remain loss-making as we take steps to position business for its longer-term success.

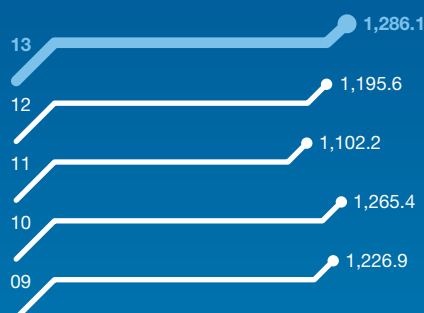
In 2014, we will continue to build on Computacenter's strong platform by increasing its number of customers, broadening our customer relationships, increasing our service productivity and innovating our offerings. This should enable us to continue our track record of cash generation and earnings per share growth.

* Adjusted profit before tax and diluted EPS are stated prior to exceptional items and amortisation of acquired intangibles. Adjusted operating profit is also stated after charging interest on CSF. Exceptional items for 2012 have been restated to take account of the reclassification of trading losses and provisions in respect of the three onerous German contracts.

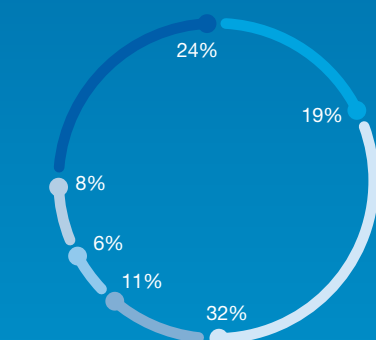
United Kingdom

Revenue (£m)

£1,286.1m



Group revenue by business type (%)



- 1. Workplace – 19%
- 2. Datacenter & Networking – 32%
- 3. Software – 11%
- 4. Third Party Services – 6%
- 5. Professional Services – 8%
- 6. Contractual Services – 24%

Adjusted* operating profit

£56.2m

Contract base

£259m

Computacenter in the UK

Our UK business has performed well in 2013, and we are encouraged by what has now been a sustained period of growth in both revenue and profitability.

Overall, total revenue for the year increased by 7.6 per cent to £1,286.1 million (2012: £1,195.6 million). This was fuelled by a Supply Chain revenue growth increase of 8.4 per cent, which was primarily due to an increase in the size of our customer base, following significant Contractual Services growth in the prior year, and continued demand for our Windows 7 roll-outs.

Services revenue grew during the reporting period by 6.2 per cent, consolidating and building on the 15.3 per cent growth in 2012. This incorporated a growth of 5.4 per cent within our Contractual Services business and 8.4 per cent within our Professional Services operations.

As expected, the significant level of profitability achieved in 2012 as a result of business take-on transition and transformation work, which has not been repeated in 2013, has made profitability growth more challenging than revenue growth to achieve during the reporting period. Notwithstanding this, adjusted* operating profit in the UK grew by 7.5 per cent.

Overall Supply Chain margin in the UK grew broadly in line with its growth in revenue, but the trend of customers

purchasing a higher volume, but lower margin mix of product, has been seen throughout the course of 2013. We were pleased with our Supply Chain performance, especially during the second half of the year, which we see as a reflection of the strength of our customer and vendor relationships in the UK, and gradually improving market conditions. However, as we have previously explained, our Supply Chain business is impacted significantly by the short and medium-term buying patterns of our customers, and is therefore difficult to forecast in the medium term and is reliant on macro-economic factors.

As a result, our primary focus will remain on the growth of our Services business which, for a second successive year, has underpinned our profitability growth in the UK. We have continued to develop our Contractual Services governance and bidding processes alongside the execution of Service delivery to our customers, whilst operating efficiently through the high utilisation of our Services staff.

The consistent achievement of Services operational excellence has resulted in our retention of the number one ranking for customer satisfaction and reference-ability within a survey carried out by KPMG, for the second year running. We have additionally been awarded the top-ranking position within a study by the Whitelane Research Group, measuring the performance of 24 outsourcing providers in the UK, and 700 UK IT outsourcing contracts worth £15 billion in total.



We anticipate that the demand for our Professional Services offerings will continue, given that our forward order book finished the year at a record level.

Our UK Services business is benefiting from its increasingly strong Services delivery reputation. 2013 saw a breakthrough deal for the Company with the UK Central Government. We have signed a Desktop Infrastructure Services Agreement with a UK Central Government department, which includes the management and support of their workplace, datacenter and networking environments, allowing the department to improve its end-user experience and safeguard service continuity.

Additionally, a multi-million pound Managed Services contract with Computacenter will help RWEIT improve the user experience and reduce operational costs for parent company, RWE Group. The five-year contract includes end-user support for 13,000 UK employees, major incident management for workplace IT and a Windows 7 transformation project.

We anticipate that the demand for our Professional Services offerings will remain strong, given that our forward order book finished the year at a record level. We additionally believe that this will be sustained in the short and medium term as customers need to upgrade their operating systems, due to user support coming to an end for soon-to-be obsolete versions. As such, they will continue to modernise their end-user workplace environments, for example through Windows 7 and Microsoft Office 2010 upgrades. Our approach to Professional Services business development will not be solely reliant upon these upgrades and, in terms of a longer-term outlook, we believe that demand will continue and be based around Windows Server, mobility, datacenter and networking upgrades.

We remain aware of the critical role that our governance processes and procedures have played in the maintenance of our Services margins in 2013. Given their importance to our business, we will



The consistent achievement of Services operational excellence has resulted in our retention of the number one ranking for customer satisfaction and reference-ability within a survey carried out by KPMG, for the second year running.

continue to invest in and refine these on an ongoing basis. The increasing focus on our target market throughout the bidding process, which is well supported and monitored by our established Group Operating Model governance procedures, has indeed resulted in us withdrawing from one significant bid during the year where we deemed the level of risk to be unacceptable. However, we believe that this approach reflects our prioritisation of long-term delivery of value to our customers, and ultimately shareholders, over short-term financial targets of the business.

In its second year at its new premises, 2013 was a year of consolidation for our IT redeployment and recycling subsidiary RDC, as the business absorbed the main impact of its ERP system implementation. In 2013, adjusted* operating profit for the year grew by 0.7 per cent, during a period in which all sales, service delivery and operational staff migrated fully to its new Microsoft AX software.

The RDC business enters 2014 with a stable IT system, and without the significant burden of running two systems in parallel, as was the case in 2013, and having trained its staff fully on the new system now in place. In 2014, we anticipate that RDC will begin to reap the benefits, through the improvement of operational productivity, and the roll-out of more automation within its sales and reporting processes.

Overall SG&A in the UK have increased by 9.3 per cent during the year. This reflects our increased bid costs, increased bonus and commission payments to our staff and further investment in our governance processes. Despite our recent success in the UK, we are mindful of the need to invest in a controlled and careful manner and, as such, we will be monitoring our level of SG&A closely during the course of 2014.

To support the evolution of its business, Yorkshire Building Society Group needed a scalable and robust infrastructure. The Group partnered with Computacenter to design, source and configure a new messaging platform for more than 4,300 colleagues. With a consistent, reliable and scalable email platform, the Group has been able to enhance cost control, collaboration and mobility.

“The success of the email upgrade project has cemented Computacenter as a strategic IT partner for the Group. The project, along with our wider IT transformation initiatives, has put us in a better position for continued future growth.”

Stephen Mulley
Head of IT Service Management
Yorkshire Building Society Group

Services provided



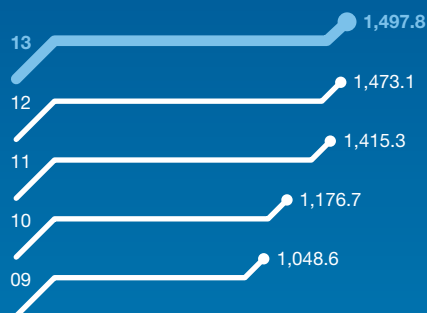
Configuring a new messaging platform for more than 4,300 colleagues.



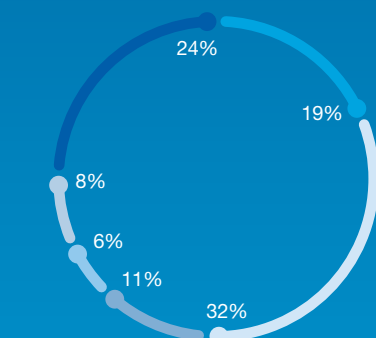
Germany

Revenue (€m)

€1,497.8m



Group revenue by business type (%)



- 1. Workplace – 19%
- 2. Datacenter & Networking – 32%
- 3. Software – 11%
- 4. Third Party Services – 6%
- 5. Professional Services – 8%
- 6. Contractual Services – 24%

Adjusted* operating profit

€36.1m

Contract base

€311.6m

Computacenter in Germany

The reporting period saw our German business continue to stabilise. Both revenue and adjusted* profitability grew during the year, against a backdrop of significant change within the business, including the implementation of our Group Operating Model and the restructuring of its sales force.

Total revenue grew in 2013 by 6.5 per cent on an as reported basis to €1,497.8 million, and 1.7 per cent in constant currency. This growth came from our Supply Chain business, which enjoyed a particularly strong second half of the year. Supply Chain revenues grew by 7.2 per cent during 2013 on a reported basis, and by 2.4 per cent in constant currency.

Whilst this Supply Chain performance is pleasing and appears to reflect a growing recovery within the German IT market which has now been sustained for the best part of a year, it is clearly not as predictable as our Services business. It is for this reason that, in line with our updated strategic objectives, our primary focus during 2014 will be in relation to the growth of our Services business.

During 2013, Services revenue was broadly flat at €485.4 million. This was impacted by the significant reduction in size of one customer contract, which affected the fourth quarter of the year. However, it also illustrates the anticipated slow-down in our Services business, as a result of our decision to only bid for selective Managed Services opportunities during the year. This enabled us to dedicate more resource to successfully resolving the issues which had arisen from the substantial growth of our Services business in the fourth quarter of 2011, and importantly addressing the underlying causes of those issues.

These issues related primarily to the adequacy of contractual governance procedures, and therefore during the year we have taken decisive action to improve these through the implementation of our Group Operating Model. This has already

started to take effect, and has enabled us to stabilise and improve the operational and financial performance of a number of our difficult Managed Services contracts. As a result, excluding our three onerous contracts, we have seen a gradual improvement in our Services margins through the year.

Our Professional Services business generated significant momentum during the year, with its total revenue growing by 11.3 per cent in constant currency. This performance was largely driven by our Workplace Solutions business delivering significant volumes of Windows 7 and 8 roll-outs, and our network security offering.

In addition to our strong Supply Chain performance, and other improvements in the business, adjusted* operating profit for the German segment has increased by 48.8 per cent to €36.1 million. Notwithstanding that this performance was against the backdrop of a weak comparator in 2012, we are encouraged that the governance changes we have implemented appear to be having their intended impact.

This has been further evidenced by the new material transition and transformation projects that have been executed in accordance with new Group processes, albeit that these have been relatively few in number during 2013. These have been completed in accordance with agreed contractual Services levels and projected financial outcomes. We are now in a better position to ensure that new Services wins in 2014 will be contracted appropriately and implemented successfully as a result of the new operating model, and therefore have built a strong platform on which we can look to pursue medium term Services growth.

Turning specifically to our three loss-making, or onerous, contracts, we are pleased to report that the operational and financial performance of these has been stable during the second half of the year. We have resolved our operational issues and are now delivering to contractually agreed levels of performance. As explained within



Our Professional Services business generated significant momentum during the year. Its total revenue grew by 11.3 per cent in constant currency.

the Group overview, the contracts have performed in line with the forecast set out in our 2013 Interim Results during the second half of the year.

In addition to the governance changes outlined above, we have also carried out a full review, restructuring and realignment of our sales force. We are confident that, as a result of this, we are now better prepared to take advantage of significant Services growth opportunities within the German IT market. This review process has included significant knowledge transfer between our UK and German businesses, particularly within Managed Services, which we anticipate will accelerate the learning progression of our sales force in Germany to sell and interact with our customers in accordance with Group strategy and business principles. Primarily as a result of the action detailed above, which has additionally resulted in a general de-layering of German management across the business, SG&A has reduced by 3.0 per cent in 2013. Due to the nature of these actions, redundancy and restructuring costs totalling €3.7 million have been included within the Group financials as exceptional costs.

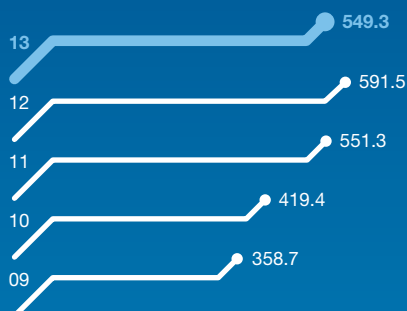
Although 2013 Services revenue has broadly been flat, our Services business has achieved a number of notable wins. Going forward, Computacenter will be providing Dataport with operational assistance for its IT workstations, Datacenter and Networking. Dataport is the service provider for information and communications technology of the public administration for the German Federal States of Hamburg, Schleswig-Holstein and Bremen, as well as for the tax administrations in Mecklenburg-Western Pomerania and Lower Saxony. Additionally, a Computacenter overflow help desk in Berlin will ensure that Dataport's user-help desk is provided with additional capacity where required during peak times. The duration of the contract is for three years.

Whilst we would clearly want to have avoided the Managed Service contract issues that we have faced over the last two years, they have forced us to re-evaluate ourselves internally, and we are confident that our business prospects in the medium term have emerged stronger as a result.

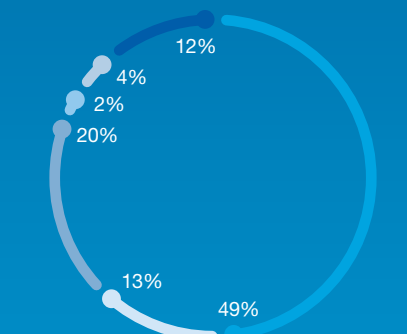
France

Revenue (€m)

€549.3m



Group revenue by business type (%)



- 1. Workplace – 49%
- 2. Datacenter & Networking – 13%
- 3. Software – 20%
- 4. Third Party Services – 2%
- 5. Professional Services – 4%
- 6. Contractual Services – 12%

Adjusted* operating profit

€-8.6m

Contract base

€66.9m

Computacenter in France

Clearly, 2013 was a disappointing year for our French business. Total revenue for the reporting period reduced by 7.1 per cent in constant currency. Overall, the result reduced from an adjusted* operating profit of €5.3 million in 2012 to an adjusted* operating loss of €8.6 million in 2013.

The majority of this decline was attributable to a significant reduction in our Supply Chain revenues, which decreased by 8.3 per cent in constant currency. This reduction was in itself due to two primary factors. Firstly, our Supply Chain business was impacted by the prolonged and continuing difficult market conditions in France, which has caused customers to reduce their IT investment spend.

We do not expect market conditions in France to improve materially in 2014, which has brought into sharp focus a requirement for our business model in France to be aligned more closely with our UK and German businesses. In the UK and Germany, we are less reliant on commodity Supply Chain business, and are thus more likely to be able to withstand the impact of negative external market conditions.

Secondly, the implementation of our Group ERP system in France was expected to be a more significant challenge than was the case in either the UK or Germany, as the extent of system and process change was greater. However, the difficulties experienced were more pronounced than expected and, as a result, a number of operational issues arose within the business affecting its ability to manage the delivery of product and parts through its logistics operation and therefore to ship on time.

While it is clear that these issues impacted the performance of our Supply Chain business materially during the second half of the year, they have now been resolved and the relevant order backlogs have been cleared. This is evident in the strong recovery of Supply Chain sales during Q4 2013 with orders being delivered in accordance with agreed service levels. Whilst we are aware that we have lost Supply Chain orders as a result of these issues, we do not believe that we have lost any of our material Supply Chain customers.

Computacenter in France continued

Overall gross margin contribution within our Supply Chain business has declined as a direct result of the reduction in revenue outlined above, an increased proportion of low margin software business and temporary increased warehouse operating costs due to our Group ERP system implementation.

Services revenue in 2013 reduced by 0.8 per cent to €90.5 million, mainly due to a 16.9 per cent decline in Professional Services revenue compared to 2012. This was as a result of weak demand for our offerings throughout the year, which itself was primarily due to weak market conditions. In addition, the impact of the Group ERP system implementation on our maintenance and logistics functions temporarily impacted our service levels. Whilst this has now improved significantly, it has led to a reduction in our Services contract base.

Overall Services gross margin generation has reduced materially due to the decline in revenue and lower Professional Services utilisation, resulting in spare capacity in the workforce with associated margin dilution. Given our disappointing Services performance in 2013, our strategic shift to become more Services-focused in the medium term will be no easy task, and considerable work remains to be done in 2014 and beyond to achieve this goal.

However, we are encouraged by the fact that our French and International teams have worked very well together during the year to secure the Group's largest-ever Managed Services contract, for which the relevant bid had been made in accordance with Group processes.

In line with our Group Operating Model strategy and following its successful implementation in Germany, we started the process of implementing our Group Operating Model into our French business in early 2014. The Group ERP implementation was essential in order to enable this to happen and will allow us to drive efficiencies within the business, for example within the utilisation of our resources and the implementation of the Group's best practices.

Given the issues experienced in France in 2013 and as a result of the implementation of the Group Operating Model, there have been some senior management changes in France. Moving forward, we will strengthen the management team in key areas to help facilitate the implementation of the Group Operating Model. Whilst the underlying trend of SG&A increased by 1.2 per cent in constant currency during the course of 2013 as a result of the cost of implementing our ERP system, we have no doubt that there will be a need to take actions in 2014 to increase the competitiveness of our French business.

As outlined in the Group overview and as previously highlighted within our 2013 Interim Results, as a result of the continuing disappointing performance in France during the year, and our continued medium-term expectations for the business, we have incurred a non-cash impairment in the French cash-generating unit of £12.2 million, relating to goodwill and acquired intangibles.

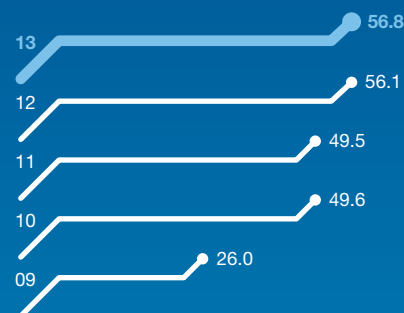


Moving forward, we will strengthen the management team in key areas to help facilitate the implementation of the Group Operating Model.

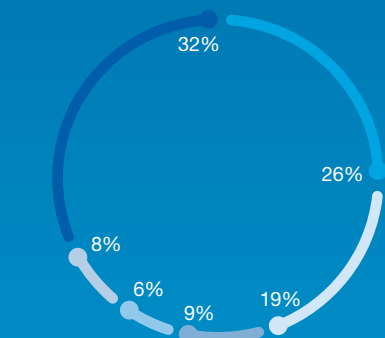
Belgium

Revenue (€m)

€56.8m



Group revenue by business type (%)



- 1. Workplace – 26%
- 2. Datacenter & Networking – 19%
- 3. Software – 9%
- 4. Third Party Services – 6%
- 5. Professional Services – 8%
- 6. Contractual Services – 32%

Adjusted* operating profit

€2.2m

Contract base

€19.3m

Computacenter in Belgium

Overall, our Belgian business has performed well in 2013. In 2011 and 2012 we enjoyed large, one-off, Supply Chain revenues with a particular customer which, as we expected and as noted in our 2012 Annual report, would impact comparators in 2013. Unless specifically stated, the results below include the contribution from the acquisition of Informatic Services ('IS') in December 2012.

Total revenue grew by 6.0 per cent on an as reported basis, and by 1.2 per cent in constant currency. Adjusted* operating profit reduced by 6.8 per cent to €2.2 million, which given the expected decline in Product revenue noted above, was still encouraging, albeit materially assisted by the acquisition of IS. Belgian SG&A has increased by 34.4 per cent however, on a like-for-like basis excluding the acquisition, in constant currency SG&A increased by 0.5 per cent.

Clearly, Supply Chain revenue growth was materially impacted by one-off deals noted above. As a result, during the year Supply Chain revenue in constant currency reduced by 19.2 per cent. However, in the fourth quarter Supply Chain revenue was only down by 3.2 per cent in constant currency, reflecting the one-off deals in the first half of 2012 outlined above, and a strengthening Supply Chain demand environment towards the end of 2013.

Our total Services revenue grew by 65.2 per cent to €22.4 million. Excluding the effect of the acquisition, Services revenue has still grown organically by over 18.4 per cent during the period, which has been assisted by our ability to extend a number of our Managed Services contracts during the year.

We have been pleased with the performance of IS in 2013, which has exceeded our initial expectations and, although much remains to be done, we have made significant progress towards integrating IS into our business. We have also managed to retain a significant majority of all major Managed Services contracts through the integration process.



We were able to renew our Managed Services contract with Mercedes-Benz Belgium and Luxembourg for another three years.

We were also able to renew our Managed Services contract with Mercedes-Benz Belgium and Luxembourg for another three years. Activities include an SLA-driven local service desk and onsite support activities.

In 2012, Services represented 24.1 per cent of our overall revenues and, assisted by the acquisition of IS, which is 100 per cent Services focused, Services now represent 39.4 per cent of our revenues. This will provide us with increased revenue visibility as we move forward in 2014.

Mike Norris
Chief Executive Officer
10 March 2014

Finance Director's review



Tony Conophy, Finance Director

Turnover and profitability

In 2013, Computacenter Group delivered its fourth successive year of turnover growth and achieved adjusted* profitability growth in the face of significant headwind in our French business.

At a headline level, turnover grew by 5.4 per cent and broke through the £3 billion barrier for the first time to reach £3,072.1 million. On a constant currency basis turnover growth was 2.5 per cent. Adjusted* profit before tax increased by 3.0 per cent from £79.3 million to £81.7 million, with the impact of exchange rates accounting for half of this increase.

After taking account of exceptional items primarily relating to the German onerous contracts and the non-cash impairment in France, statutory profit before tax decreased by 22.0 per cent from £64.8 million to £50.5 million.

The Group profitability performance was mixed across our main geographies. The German business has stabilised and returned a 48.8 per cent increase in adjusted* operating profit in constant currency, whilst the UK segment generated a 7.5 per cent increase. These improvements were largely offset by problems in France noted below which has fallen from a reported £4.3 million adjusted* operating profit in 2012 to a loss of £7.3 million in 2013.

Adjusted operating profit

Management measure the Group's operating performance using adjusted operating profit, which is stated prior to amortisation of acquired intangibles, 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. The reconciliation of statutory to adjusted results is further explained in the segmental reporting note (Note 4) to the financial statements. For the purposes of this statement, all subsequent references are to adjusted measures.

United Kingdom

UK revenues grew in 2013 by 7.6 per cent, increasing to £1,286.1 million. Supply Chain revenues increased by 8.4 per cent, driven by a larger customer base following the Contractual Services wins and further demand for workplace and Windows 7 roll-outs. Services revenues overall grew a further 6.2 per cent following a strong 15.3 per cent growth in 2012. Within this, Contractual Services revenue grew 5.4 per cent despite the one-off impact of large transition billing in 2012. Professional Services in turn generated 8.4 per cent growth in revenues mainly due to migrations to Windows 7.

Margin in the Supply Chain business was broadly flat, following the decline in 2012, due to increasing work place product sales and continually evolving vendor partner terms of trade. However, Services margin increased due to improved execution, maturity of contracts and high utilisation of staff. This resulted in a UK total adjusted* gross profit increase from 15.4 per cent to 15.6 per cent of sales. SG&A rose by 9.3 per cent, reflecting increased bid costs, increased commission and bonus for staff due to the UK performance and increased investment in improved governance required by the Group Operating Model, net of recharges to other Group Segments.

Overall this has resulted in a 7.5 per cent increase in adjusted* operating profit from £52.2 million to £56.2 million.

Germany^Δ

German revenue growth recovered in 2013 as the business continued to stabilise after a disappointing 2012. Revenue, as reported, grew in 2013 by 6.5 per cent to £1,271.4 million (2012: £1,193.8 million), albeit in local currency revenue increased by 1.7 per cent.

Supply Chain revenues grew by 2.4 per cent in 2013, increasing the rate of growth over 2012 (2.0 per cent). Services revenues were flat with 0.3 per cent growth in 2013. We expected low Service revenue growth as the focus was on ensuring that business is conducted in accordance with increased governance in line with the Group Operating Model and the effort on resolving the onerous contracts. As the business grows more confident operating within the enhanced Group governance procedures we expect Services revenue growth to return.

* Adjusted profit before tax and EPS is stated prior to amortisation of acquired intangible and exceptional items. Adjusted operating profit and Adjusted gross profit is also stated after charging finance costs on CSF.

^Δ Unless specifically stated, comments on growth rates in overseas segments are stated in local/constant currency.

Table 1: Group Revenues £m

	Half 1 £m	Half 2 £m	Total £m
2011	1,365.3	1,487.0	2,852.3
2012	1,422.3	1,491.9	2,914.2
2013	1,426.3	1,645.8	3,072.1
2013/12	0.3%	10.3%	5.4%

Table 2: Adjusted* profit before tax £m

	Half 1		Half 2		Total	
	£m	%	£m	%	£m	%
2011	26.6	1.9%	47.6	3.2%	74.2	2.3%
2012	25.8	1.8%	53.5	3.6%	79.3	2.7%
2013	26.2	1.8%	55.5	3.4%	81.7	2.7%
2013/12	1.6%		3.7%		3.0%	

Table 3: Revenues by country £m

	2013			2012		
	Half 1	Half 2	Total	Half 1	Half 2	Total
UK	592.1	694.0	1,286.1	578.2	617.4	1,195.6
Germany	603.4	668.0	1,271.4	591.0	602.8	1,193.8
France	207.8	258.6	466.4	226.8	252.5	479.3
Benelux	23.0	25.2	48.2	26.3	19.2	45.5
Total	1,426.3	1,645.8	3,072.1	1,422.3	1,491.9	2,914.2

Gross margin return of the German business has increased from the restated 12.1 per cent in 2012 to 12.4 per cent in 2013. Supply Chain gross margin increased mainly due to a favourable product mix and, excluding the three onerous contracts highlighted in exceptional costs, Service margins increased due to improvement in other difficult contracts.

SG&A has continued to reduce following the reduction in the latter part of 2012 with a real focus on cost base reduction driven by the new German leadership team. One-off charges related to the restructuring of the German business have been incurred and disclosed as an exceptional item.

Overall, the German segment adjusted* operating profit increased by 55.9 per cent from £19.7 million to £30.6 million as reported, an increase of 48.8 per cent in constant currency.

France^A

The revenue in the French segment decreased by 7.1 per cent in the year. Supply Chain revenue fell by 8.3 per cent due to continuing weakness in French macro-economic conditions and the impact of the unsatisfactory implementation of our Group ERP system on 1 June 2013 which affected our ability to ship orders on time resulting in an order backlog and a drop in customer service levels.

Services revenues contracted by 0.8 per cent when compared to 2012 which featured a number of new contract wins. The impact of the Group ERP implementation on the logistics function and specifically the maintenance parts business has adversely affected service levels leading to a decline in contract value.

Gross profit in 2013 has been impacted throughout the year by the weak demand for our Professional Services business which declined by 16.9 per cent, resulting in spare capacity which has had a significant impact on gross margins achieved. In addition, Services gross margins have been reduced by increased costs arising from the difficult Group ERP implementation from 1 June 2013.

In addition, gross margins in the Supply Chain business reduced mainly due to mix factors, in particular an increased proportion of low margin software business which has had a positive effect on revenue but generated little incremental contribution.

The result of these two issues is that overall gross margin reduced from 9.9 per cent to 8.2 per cent.

SG&A expenses have increased by 1.2 per cent, largely reflecting the increased cost of the implementation of the Group ERP system in France and the increased time from Group resources cross-charged into the business as part of the efforts to realign local procedures with the Group Operating Model.

Overall, adjusted* operating profit as reported in France has therefore fallen from a profit of £4.3 million in 2012 to a loss of £7.3 million in 2013.

Belgium^A

Reported revenue increased by 6.0 per cent to £48.2 million (2012: £45.5 million) equating to an increase of 1.2 per cent in local currency. Excluding the results of IS which was acquired in December 2012, revenue decreased by 10.4 per cent. Supply Chain revenue fell by 19.2 per cent (19.6 per cent excluding IS) mainly due to a very significant one-off Supply Chain order from one customer in the first half of 2012. However in the second half of 2013 Supply Chain revenues were 2.6 per cent higher than in the second half of 2012.

Services revenue, including the results of IS, grew 65.2 per cent. Excluding the results of the acquisition, organic Services revenue growth was 18.4 per cent.

As the service mix of the business has increased, gross profit return on sales for Belgium overall has also lifted from 11.0 per cent in 2012 to 12.5 per cent

in 2013. Excluding the results of the acquisition, which has a services focus, gross profit margin has fallen to 10.5 per cent.

SG&A, excluding the acquisition has increased 0.5 per cent and has increased by 28.3 per cent including the acquisition. Overall there has been a 2.4 per cent decrease in reported adjusted* operating profit from £1.9 million in 2012 to £1.8 million in 2013. This is a 6.8 per cent decrease in local currency and without the acquisition would have been a 39.0 per cent decrease.

Exceptional items

As described in our Group Interim Results in August 2013, the rapid growth of our Services business in Germany during the fourth quarter of 2011, coupled with insufficient contractual governance procedures in place within our German business at that time, has resulted in a number of Managed Services contracts failing to achieve the margins anticipated at the time that they were agreed. Three of these contracts were deemed likely to be loss-making over the course of their lifetime. Detailed analysis and customer re-negotiation was conducted and an exceptional one-off provision of £10.7 million representing our best estimate of the losses expected to be incurred until the end of the contracts was made as outlined in our 2013 Group Interim Results.

The three onerous contracts in Germany have continued to perform in line with our forecasts. Contractual performance has remained stable with improving service levels. We continue to forecast that these three contracts will be loss-making over the course of their lifetime and are comfortable with the level of further provisioning, £10.7 million, made in the results disclosed in the Group Interim report. Whilst any further movement away from our forecasts would also be deemed to be an exceptional item, local management will continue to be measured on the absolute performance of these contracts before the provision. It should be noted that, notwithstanding these specific contractual losses, the total business accruing from these three customers still makes an important contribution to the Group's overall profitability.

As part of our normal processes, we have carried out a detailed evaluation of other long-term Services contracts across the Group. As a result of this on-going evaluation, management have calculated that a positive change in certain estimates has resulted in a one-off gain of £4.0 million. Due to the nature of the change in the estimates, and the size of the gain, it has been decided to highlight this as an exceptional item. This is consistent with the treatment of the previously identified onerous contracts and will provide a fairer and more balanced understanding of our underlying growth in profitability.

Table 4: Adjusted operating profit by country £m

	2013					
	Half 1		Half 2		Total	
	£m	%	£m	%	£m	%
UK	20.0	3.4	36.2	5.2	56.2	4.4
Germany	9.7	1.6	20.9	3.1	30.6	2.4
France	(4.6)	(2.2)	(2.6)	(1.0)	(7.2)	(1.5)
Benelux	0.6	2.6	1.2	4.8	1.8	3.7
Total	25.7	1.8	55.7	3.4	81.4	2.6
	2012					
	Half 1		Half 2		Total	
	£m	%	£m	%	£m	%
UK	17.6	3.0	34.6	5.6	52.2	4.4
Germany	7.2	1.2	12.5	2.1	19.7	1.7
France	(0.8)	(0.4)	5.0	2.0	4.2	0.9
Benelux	1.0	3.8	0.9	4.7	1.9	4.2
Total	25.0	1.8	53.0	3.6	78.0	2.7

As a result of the continued management restructure in Germany following the stabilisation of the contracts previously described, we have recognised related redundancy expenses of £3.1 million in the year. Due to the transformational nature of the restructuring and the events which preceded it, we have continued to classify these as exceptional costs.

Similarly, Computacenter in France has begun a programme to also reduce its SG&A and restructure its business and senior management in line with the Group Operating Model. Redundancy related expenses of £1.2 million have been included in the 2013 result.

Our French business transferred onto the Group ERP system on 1 June 2013 and has gone live in our Group Operating Model effective as of 1 January 2014. These milestones, along with the changes in business focus and governance that underpin them will be the drivers of change to transform our French business in the coming years.

The combination of the decline in the French economy leading to a reduction in demand for our Services, operational problems arising from the Group ERP implementation and the resulting financial impact has led to the requirement for a £12.2 million impairment of non-current assets as detailed in our Interim Results in August 2013. There arose a further requirement to fully write-off a £2.2 million deferred tax asset as at 31 December 2013.

Due to the continued adverse performance of our equity accounted associate ICS Solutions Limited we have decided to fully impair the £0.5 million recorded value of our investment.

Restatement

As reported in the 2013 Interim report, the 2012 accounts have been restated, where necessary, to reclassify trading losses and provisions relating to the three onerous German contracts to provide a clearer picture of the performance of the business. The impact of the reclassification is summarised in the following table:

Germany Segment: Restatement of adjusted* operating profit

	Restated FY 2012 £m
As restated in 2013 accounts	19.7
Onerous Contracts – trading losses	(5.9)
Onerous Contracts – provisions for future losses	(2.1)
As reported in 2012 accounts	11.6

Finance income and costs

Net finance costs of £0.5 million were incurred on a statutory basis in 2013 (2012: net finance income of £0.2 million). This takes account of finance costs on CSF of £0.8 million (2012: £1.1 million). On an adjusted basis, prior to the interest on CSF, net finance income decreased from £1.3 million in 2012 to £0.3 million in 2013. The decrease is primarily due to the reduced cash holdings impacting interest received as a result of our Return of Value to our shareholders and lower deposit rates.

Taxation

The effective adjusted tax rate for 2013 was 23.7 per cent (2012 restated: 22.0 per cent). The deterioration was due to a lower mix of overseas earnings in 2013 compared to 2012. However, the Group's tax rate continues to benefit from losses utilised on earnings in Germany and further benefits from the reducing corporation tax rate in the UK.

Deferred tax assets of £13.5 million (2012: £15.7 million) have been recognised in respect of losses carried forward. During the year, an asset of £2.2 million relating to losses carried forward in France has been written off. At 31 December 2013, there were unused tax losses across the Group of £125.4 million (2012: £115.5 million) for which no deferred tax asset has been recognised. Of these losses, £54.5 million (2012: £61.6 million) arise in Germany and £67.6 million (2012: £50.6 million) arise in France. A significant proportion of the losses arising in Germany 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.

The Group considers all movement in the recoverable amount of deferred tax assets relating to the recognition, de-recognition or utilisation of previously recognised losses, to be outside our adjusted results. Management's view is that, due to their material nature and irregular timing, the inclusion of these movements within our adjusted tax charge distorts the underlying cash tax base and annual performance of the Group as a whole.

This has no impact on the adjusted or statutory results for this year. However, we expect net movements to be charged to exceptional tax in future periods as the utilisation of the previously recognised deferred tax assets in Germany exceeds the recognition of further tax losses.

Earnings per share and dividend

The adjusted* diluted earnings per share has increased in line with profit performance by 6.1 per cent from 40.8 pence in 2012 to 43.3 pence in 2013. Due to the impact of exceptional charges in 2013, the statutory diluted earnings per share has reduced from 32.4 pence in 2012 to 23.0 pence in 2013.

The Board is recommending a final dividend of 12.3 pence per share, bringing the total dividend for the year to 17.5 pence (2012: 15.5 pence). Subject to the approval of shareholders at the Annual General Meeting ('AGM') on 15 May 2014, the proposed dividend will be paid on 20 June 2014. The dividend record date is set as 23 May 2014, and the shares will be marked ex-dividend on 21 May 2014.

Acquisitions

On 28 December 2012 the Group acquired 100 per cent of the voting shares of NEWIS SA and its subsidiary, Informatic Services IS SA.

The book and provisional fair values of the net assets acquired that were disclosed in note 16 of the 2012 Annual Report and Accounts, are now final and are unchanged.

* Unless specifically stated, comments on growth rates in overseas segments are stated in local/constant currency.

Return of Value

While the Group intends to continue to maintain a robust and prudent balance sheet, we decided that it was appropriate to undertake a Return of Value to shareholders, in addition to the normal dividend. We announced on 24 May 2013 a one-off Return of Value to shareholders of approximately £75 million, or 48.7 pence for every existing ordinary share held at the close of trading on 11 June 2013. Computacenter will continue to monitor its balance sheet to ensure that it is efficient. Computacenter also returned £74.4 million to shareholders by way of a one-off capital return via a B Share structure in 2006 equating to 39 pence per share.

Cash flow

The Group's trading net funds position excludes customer specific financing. There is an adjusted cash flow statement provided in note 31 that restates the statutory cash flow to take account of this definition.

Net funds excluding CSF decreased from £147.3 million to £90.3 million by the end of the year. However, this reduced figure is after the circa £75.0 million Return of Value to shareholders which masked an underlying net funds improvement of £18.0 million on a like-for-like basis compared to the position at 31 December 2012. The Group continued to deliver strong cash generation from its operations in 2013, with adjusted operating cash flow of £70.5 million (2012: £85.2 million).

In the year we spent over £25 million on capital expenditure primarily investments in IT equipment in our business and software tools to enable us to deliver improved service to our customers.

Challenges within working capital have built up in our French business due to backlogs within our ERP system preventing the timely processing of transactions impacting cash collection and payment of invoices. We estimate that this has impacted our cash flow by circa £10 million. We are confident of improving this position in 2014 and as this occurs, working capital should be released into cash.

Whilst the cash position remains robust, the Group continued to benefit from the extension of an improvement in credit terms with a significant vendor, equivalent to £41 million at 31 December 2013, an increase of £7 million from December 2012. This improvement in credit terms has been in operation since 2009 and, whilst the continuation of these terms is not guaranteed and can be withdrawn at any time, the terms are generally available to all material partners of that significant vendor. We no longer feel it is necessary to continue to highlight these terms in the operating review. However we will continue to reference this item in our Finance Director's report, but we will not routinely report the number in Interim Management Statements and similar external updates or within the accounts themselves.

Customer Specific Financing ('CSF') increased in the year from £18.7 million to £18.9 million. CSF remains low against our historical standards due to a decision to restrict this form of financing in light of the current credit environment and reduced customer demand.

Taking CSF into account, net funds at the end of the year were £71.4 million, compared to £128.6 million at the start of the year but after the circa £75.0 million Return of Value to shareholders.

Customer specific financing

In certain circumstances, the Group enters into customer contracts that are financed by leases or loans. The leases 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 future customer receipts, Computacenter retains the credit risk on these customers and ensures that credit risk is only taken on customers with a strong credit rating.

The committed CSF financing facilities, are thus outside of the normal working capital requirements of the Group's product resale and service activities.

The Group does not expect a material increase in the level of CSF financing facilities, partly as the Group applies a higher cost of finance to these transactions than customer's marginal cost of finance. In addition, some of these requirements have been satisfied through utilising a sale of receivables process.

Capital Management

Details of the Group's capital management policies are included within Note 27 to 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 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. As the Group continues to expand its global reach and benefit from lower cost operations in certain geographies, such as South Africa, it has entered into Forward Exchange contracts to protect any further currency risk. The Group's policy remains that no speculative 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 the financial statements.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings 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.

Liquidity risk

The Group's policy is to ensure that it has sufficient funding and facilities in place to meet any foreseeable peak in borrowing requirements. The Group's positive net funds position was maintained throughout 2013, and at the year-end was £90.3 million excluding CSF, and £71.4 million including CSF.

Due to strong cash generation over the past three years, the Group is currently in a position where it can finance its requirements from its cash balance, and the Group operates a cash pooling arrangement for the majority of Group entities.

During the year the Group entered into a specific committed facility of £40.0 million for a three-year term which expires in May 2016.

The Group has a Board monitored policy in place to manage its counterparty risk that places cash on deposit across a range of reputable banking institutions.

Customer-specific financing facilities are committed.

Foreign currency risk

The Group operates primarily in the UK, Germany and France, with smaller operations in Belgium, Hungary, India, Malaysia, Luxembourg, Spain, South Africa, Switzerland and the United States of America. The Group uses a cash pooling facility to ensure that its operations outside of the UK are adequately funded, where principal receipts and payments are denominated in Euros. 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 seek to eliminate currency exposure through forward currency contracts. For the UK, the majority of sales and purchases are

denominated in Sterling and any material trading exposures are eliminated through forward currency contracts.

The Group has been increasingly successful in winning international Services contracts where services are provided in multiple countries. The Group aims to minimise this exposure by invoicing the customer in the same currency in which the costs are incurred. For certain contracts, the Group's committed contract costs are not denominated in the same currency as its sales. In such circumstances, for example where contract costs are denominated in South African Rand, the Group seeks to eliminate currency exposure for a foreseeable future period on these future cash flows through forward currency contracts. In 2013, the Group recognised a loss of £1.4 million (2012: gain of £0.5 million) through other comprehensive income in relation to the changes in fair value of related forward currency contracts, where the cash flow hedges relating to firm commitments were assessed to be highly effective.

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 regularly monitored thereafter.

There are no significant concentrations of credit risk within the Group. The Group's major customer, disclosed in Note 4 to the financial statements, consists of entities under the control of the UK Government. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

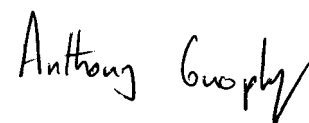
Going concern

As disclosed in the Directors' report, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Fair balanced and understandable

The UK Corporate Governance Code has a new requirement for the Board to state whether the Company's Annual Report and Accounts are 'fair, balanced and understandable' and 'provides the information necessary for shareholders to assess the company's performance, business model and strategy'.

We have continued to formalise the process through which we can provide comfort to the Board to make the relevant assertions within the Annual Report and Accounts.



Tony Conophy

Finance Director
10 March 2014

Corporate Sustainable Development report



Mike Norris, Chief Executive Officer

Our Commitment

For Computacenter in 2013, the year has been about building a strong platform for the Group to enjoy sustained success. However, we recognise that the people that carry out business on our behalf, the people we do business with and the societies and environment in which we operate are vital contributors to delivering value and achieving our strategic objectives. Whilst we pride ourselves on the provision of technologically-advanced information solutions, we recognise that our business occurs within a wider community including employees, contractors, shareholders, customers, suppliers and business partners.

Since 2007, the Group has been committed to the 10 core principles of the United Nations Global Compact ('UNGC'), aimed at demonstrating ethical, environmental and social responsibility towards our own workforce and in our business interaction within each community and country in which we operate. In 2009, the Group published its first Communication on Progress ('CoP') on the UNGC website, and we have been doing so on an annual basis ever since that time. We believe that the UNGC provides us with an appropriate framework through which to measure our development and progress in this area. Additionally, the Group retains its membership of the FTSE4Good Index Series.

The Group's Corporate Sustainable Development ('CSD') Policy is annually reviewed by the Computacenter plc Board of Directors, and is implemented and monitored through the Group's Corporate Sustainable Development Committee, constituted out of representatives from across the Group as a whole.

Integral to our commitment, we strive to incorporate the UNGC and its principles into our strategy, culture and day-to-day operations. We do this through the development, communication and implementation of relevant policies to manage and monitor our progress towards these principles. Since our commitment to the core principles, we have adopted and revised a number of policies and procedures across the Group, and will continue to do so on an ongoing basis.

We are communicating our sustainability efforts and achievements with all our shareholders in our Annual Report and Accounts, as well as on our Company website. We continue to believe that what is not measured is not effectively managed and in line with this, following the implementation of our Group ERP system across our main operating geographies, we are endeavouring to identify at least one standard indicator ('SI'), as recognised by the Global Reporting Initiative ('GRI'), per core principle. Much work remains to be done over the coming years, in relation to the measurement indicators we elect to demonstrate our progress.

We actively seek to collaborate with and encourage our suppliers, contractors and customers to operate in a similar socially responsible manner, as guided by the UNGC 10 core principles. We have already secured support from the majority of our suppliers and contractors, but we acknowledge that this remains an ongoing task.

A handwritten signature in dark ink, appearing to read 'Mike Norris', written in a cursive style.

Mike Norris
Chief Executive Officer
10 March 2014

Our Progress in 2013

Human rights

1(a). Support and respect the internationally proclaimed human rights – Human Rights

2013 objectives and achievements – SI not formalised

- Maintain human rights awareness through the Company's 'Principles of Employee Behaviour'.
- ✓ Our human rights related policies across the Group have been reviewed and continue to be made available to new starters through an employee handbook, new employment contracts and/or the Group intranet. Training in this area remains available to our employees.
- Enhance focus through a Sustainable Development principles week in April 2013, in France.
- ✓ More than 180 members of staff were trained on Sustainable Development principles during an 'Integration Day' and 'Sustainable Development Principles week', held by our French Business in April 2013.
- Further extend the LEO (Lebensereignisorientierte Mitarbeiterentwicklung) programme in Germany, with a roll-out of a 'Healthy Leadership' module.
- ✓ This has been successfully extended during 2013 in Germany – the module was conducted three times, and over 45 managers within the German business attended it.

2014 objectives

- Across the Group, continue to maintain human rights awareness through the Company's 'Principles of Employee Behaviour'.
- In France, enhance focus through a further 'Integration Day' and 'Sustainable Development Principles Week' to be held by our French business in April 2014, and ensure increased numbers of employees participate against the level achieved in 2013.
- In Germany, the continuing provision of 'leadership guidance' workshops which, amongst other things, focus on the human rights of the Group's employees.
- Completion of updated compliance training in 'Business Ethics' and 'Anti-corruption and fair competition' to be completed by employees in German business.

1(b). Support and respect the internationally proclaimed human rights – Health and Safety

2013 objectives and achievements – SIs = AIR and AFR*

- Maintain the Accident Incident Rate ('AIR') at below 2.5 and the Accident Frequency Rate ('AFR') below 1.0.
- ✓ In the UK, the average AIR increased to 0.82 (2012: 0.79) and the average AFR increased to 0.46 (2012: 0.44).
- ✓ In Germany, the average AIR increased to 1.48 (2012: 0.99) and the average AFR increased to 0.85 (2012: 0.55).
- ✓ In France, the average AIR reduced to 0.93 (2012: 1.41) and the average AFR reduced to 0.51 (2012: 0.76).
- ✓ 89 employees trained in fire risk on the French site at Roissy.
- Establish an e-learning platform in Germany to facilitate the availability to all of a variety of health and safety presentation awareness modules.
- ✓ The e-learning platform has been launched with additional training on 'safety at work' for all employees.
- ✓ In Germany, intensive training sessions around 'Handling of stress in leadership situations' and the rollout of stress prevention webinars have been conducted for an additional 100 members of staff.
- ✓ Successful health and safety management audit completed in Germany.

2014 objectives

- Maintain the AIR at below 2.5 and the AFR at below 1.0 across all of our main operating geographies.
- Continued stress prevention training for managers in German business.
- In France, continued training of increased numbers of employees in fire risk.

* 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 in human rights abuses

2013 objective and achievements – SI not formalised

- Continue to maintain key and new vendor assessments through the vendor conformance questionnaire and monitor the returns.
- ✗ New supplier questionnaire, developed but not yet implemented in Germany.
- ✓ In France, the questionnaire developed in 2012 continued to be circulated to vendors, and responses are being monitored appropriately.
- ✓ Four Sustainable Development audits of suppliers carried out by French business.
- ✓ Supplier Assessment questionnaires returned continue to be reviewed in respect of Anti-Bribery and Corruption exposure, and this information is shared between the various companies in the Group.

2014 objectives

- Continue to maintain key and new vendor assessments through the vendor conformance questionnaire and the monitoring of returns.
- In France, to carry out a further four Sustainable Development audits of suppliers.
- In Germany, the implementation and circulation of the updated supplier questionnaire.

Labour standards

3. Uphold employees' freedom of association

2013 objective and achievements – SI not formalised

- Maintain current status and reassess vendor conformance, through the review of questionnaire responses and maintain positive interaction with all Works Councils.
- ✓ Positive interaction with the Works Councils in Germany and France has been achieved on a significant number of business issues during the year in France and Germany.
- ✓ 19 meetings of the Works Committee Council in France have taken place.
- ✓ The Works Council has continued its work throughout 2013 in Germany.
- ✓ Review of vendor conformance has continued within France and Germany. In France, four Sustainable Development audits have been carried out on suppliers.

2014 objectives

- Continuation of positive interaction with French and German Works Councils within new Group operating structure.
- Maintain current status and reassess vendor conformance, through the review of questionnaire responses.

4. Eliminate all forms of forced and compulsory labour

2013 objective and achievements – SI not formalised

- Maintain current status and reassess vendor conformance, through the review of questionnaire responses.
- ✓ In France, the questionnaire developed in 2012 continued to be circulated to vendors, and responses monitored appropriately, and four supplier audits have taken place on Sustainable Development issues.
- ✗ The new supplier questionnaire is not yet implemented in Germany.

2014 objective

- Maintain current status and reassess vendor conformance, through the review of questionnaire responses.

5. Abolish all forms of child labour

2013 objective and achievements – SI not formalised

- Continue to develop young careers and seek assurance from all key vendors that no child labour is deployed, on behalf of the Group, in non-European geographies.
- ✓ In Germany, the Exploras programme, which regulates conditions for working students at Computacenter Germany was continued.
- ✓ The Handelsblatt fund Junge Carriere's seal of a Fair Company was retained by Computacenter Germany.
- ✓ Computacenter France continued its support for the Non-governmental organisation 'Aide et Action.'

2014 objectives

- Continue to develop young careers and seek assurance from all key vendors that no child labour is deployed, on behalf of the Group, in non-European geographies.
- In France, aim to increase the level of charitable fundraising and fulfil the terms of the agreement signed with Aide et Action.

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

2013 objectives and achievements – SI not formalised

- In France, reinforce awareness during the Sustainable Development Principles Week and conclude a negotiation on gender equality.
- ✓ Both of these targets were achieved by the French business in 2013.
- Continue the 'Family Service' offering in Germany.
- ✓ This was continued, and through the Family Service offering, Computacenter supports its employees in almost all aspects of life – support ranges from child care and a back-up kindergarten, through to a consulting service in the event of conflicts at work and also the provision of a 24-hour hotline for individuals to discuss any personal or professional issue that they wish.
- ✓ A project entitled 'Women at Work' for women's promotion, equality and the reconciliation of family and working life commenced in September 2013.
- ✓ There was continued provision of anti-discrimination training in Germany for employees, based on the requirements of the German General Equal Treatment Act.
- Complete pension 'auto-enrolment' in the UK for all eligible employees, in line with new legislation.
- ✓ Process successfully implemented during the course of the year.

2014 objectives

- Continued provision of online training relating to the General Equal Treatment Act for German employees.
- Continuation of the 'Family Service' offering to employees and the development of the project 'Women at Work'.
- In France, to continue awareness through the Sustainable Development Principles Week held in April 2014.

Environment

7. Apply precaution to activities which can impair the environment

2013 objectives and achievements – SI not formalised

- Continue to monitor the energy consumption levels at the Group Head Office and the CO₂ emissions of the UK and Germany vehicles, with the aim of improving further.
- ✓ An estimated 29,725 mwh of Green Climate Change Exempt electricity was purchased for all the UK locations, including its datacenters.
- ✓ The average CO₂ emitted per UK fleet vehicle reduced from 168 g/km in 2009, to 146 g/km in 2010, to 129 g/km in 2011 to 124 g/km in 2012 and finally to 121 g/km in 2013 – the average CO₂ emitted per Germany fleet vehicle reduced from 139 g/km in 2011 to 129 g/km in 2012 and to 117 g/km in 2013, following ongoing expansion of our 'Green Fleet' programme.
- Achieve certification to ISO 14001 level 3 of the 1, 2, 3 Environmental Standards in France.
- ✗ Not yet achieved. Relevant audit to be completed in April 2014.
- ✓ In France, full audit of waste management suppliers used by the business carried out.

2014 objectives

- Continue to monitor the energy consumption levels at the Group Head Office and the CO₂ emissions of Computacenter UK and Germany vehicles, with the aim of improving further.
- In Germany, successful completion of audit of quality and environmental management system (ISO: 9001:2000 and ISO 14001:2005)

8. Undertake initiatives to promote greater involvement in the community

2013 objectives and achievements

- Aim to improve the current level of charity fundraising and other activity.
- ✓ Employees in the UK raised nearly £130,000 (2012: £73,612) during 2013, for the Group's chosen charity partners. Support for the Hertfordshire Fire and Rescue dogs continued, as well as support as a founding member of Herts 100.
- ✓ The UK business supports Kidsafe, a schools initiative to teach children about road safety, the danger of drugs and bullying.
- ✓ Computacenter in France continued its support to Non-Government Organisation Aide et Action.
- ✓ In Germany, several blood donation campaigns were organised to take place within working hours, in association with the Red Cross.
- Continue to track and monitor charity fundraising activities.
- ✓ Our French business has maintained its partnership with Aide et Action to support schooling for children worldwide who are forced to work due to their circumstances.

2014 objectives

- Continue to track and monitor, and increase the level of, charity fundraising activities.
- Maintain partnership with Aide et Action in France to support schooling for children forced to work due to their circumstances.

9. Encourage the development of environmentally friendly technologies

2013 objectives and achievements – SI = Proportion of customer contract wins where 'Green IT' was part of the contract scope

- Continue to track customer demand for 'Green IT' offerings.
- ✓ In 2013, 13.4 per cent (2012: 12.53 per cent) of new contract wins included a 'Green IT' brief.
- Computacenter France will expand on its 'Green IT' Advisory Services for customers, with the addition of audit and consulting services.
- ✓ The 'Green Initiative' of our French business has been extended with a specific offering developed to assist customers in reducing their packaging waste.

2014 objective

- Continue to track customer demand for 'Green IT' offerings.

Anti-corruption

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

2013 objective and achievements – SI not formalised

- Invite an external review concerning the adequacy of the Group's Anti-bribery policy and procedures and implement plans following the review's findings.
- ✓ A full external review of the adequacy of the Group's Anti-bribery policy and procedures was carried out by the Good Corporation in August 2013, and a full analysis of the results has been carried out by the Group's management. A plan has now been put in place to address any recommendations made, and it is expected that these will be implemented during 2014.

2014 objective

- To complete the implementation of recommendations arising from the external audit of the Group's Anti-bribery policy and procedures.

Our CSD approach for 2014

As outlined within our Strategic Report, during the reporting period, Computacenter has completed the implementation of its Group ERP system within its UK, German and French business subsidiaries. We look forward to using this standardised tool to measure progress in the area of CSD consistently across the Group. In alignment with our move towards a Group operating structure, this will also be the case for our approach on CSD, where new initiatives will be launched in 2014 to replicate the best progress being made in-country across the Group, and to discuss innovative ideas in this area more closely. Through a drive towards the efficiencies gained by working together more closely, we will continue to improve our CSD standards alongside the Group's growth in revenue and profitability. We are committed to ensuring that we do business in the right way, and additionally to giving something back to the community which continues to allow our business to flourish. The UNGC is a wholly appropriate tool and framework to guide us towards achieving these aspirations and, as such, we will remain wholly committed to it during 2014.

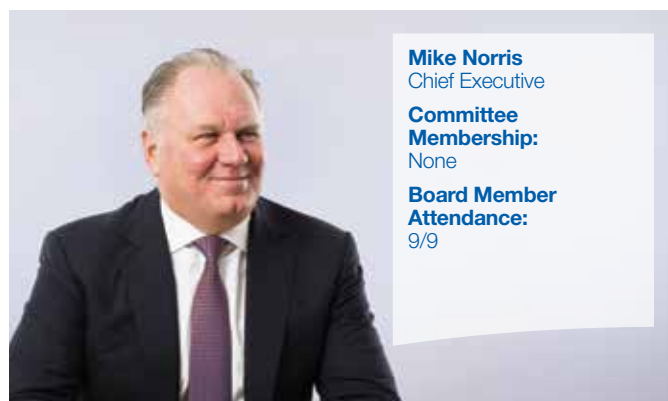


Simon Pereira
Company Secretary
10 March 2014

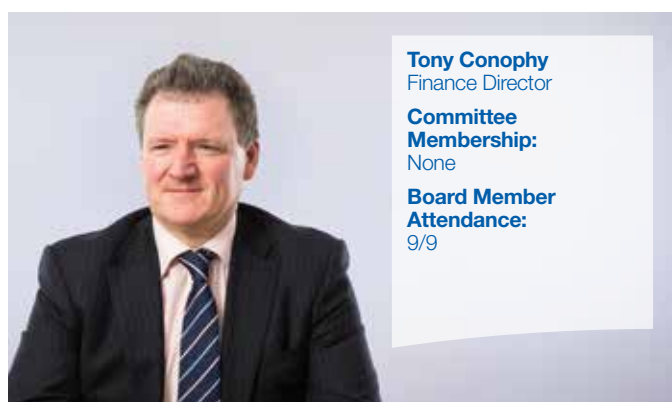
Board of Directors



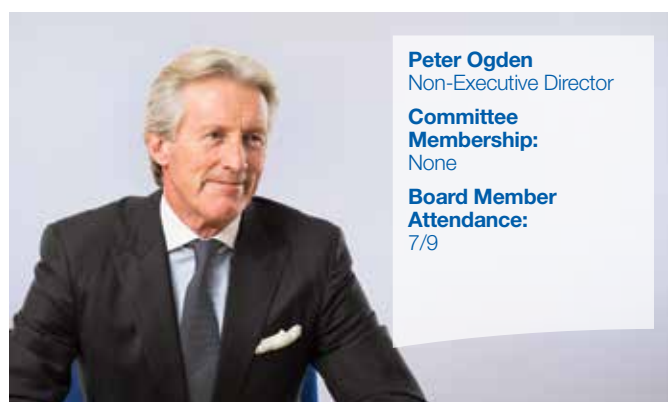
Greg is the Chairman of Kofax plc and a Non-Executive Director of United Business Media. He has more than 38 years' experience in the software and computer services industry, including four years as Chairman of SurfControl plc and from 1998 to 2000, as General Manager of IBM's Global Industrial sector. Greg also served as a member of IBM's Worldwide Management Council and as a governor of the IBM Academy of Technology. Age 66.



Mike Norris 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 account manager. Following appointments as Regional Manager for London Operations in 1988 and General Manager of the Systems Division in 1992 with full sales and marketing responsibilities, he became Chief Executive in December 1994, with responsibility for all day-to-day activities and reporting channels across Computacenter. Mike also led the Company through flotation on the London Stock Exchange in 1998. Mike was awarded an Honorary Doctorate of Science from Hertfordshire University in 2010. Age 52.



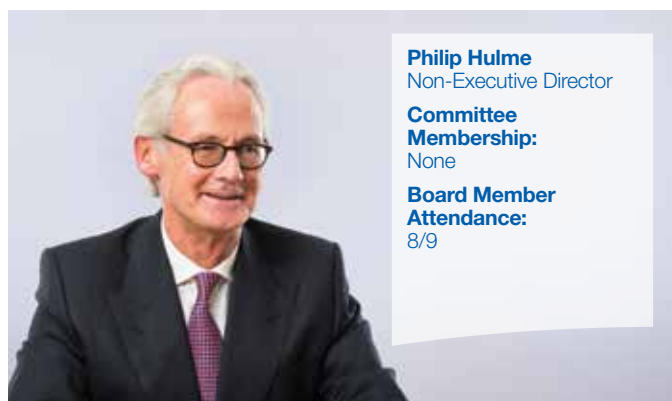
Tony has been a member of the Institute of Chartered Management Accountants since 1982. He qualified with Semperit (Ireland) Ltd and then worked for five years at Cape Industries plc. He joined Computacenter in 1987 as Financial Controller, rising in 1991 to General Manager of Finance. In 1996, he was 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. Age 56.



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 prior to founding Computacenter, he was a Managing Director of Morgan Stanley and Co. Age 66.

Key:

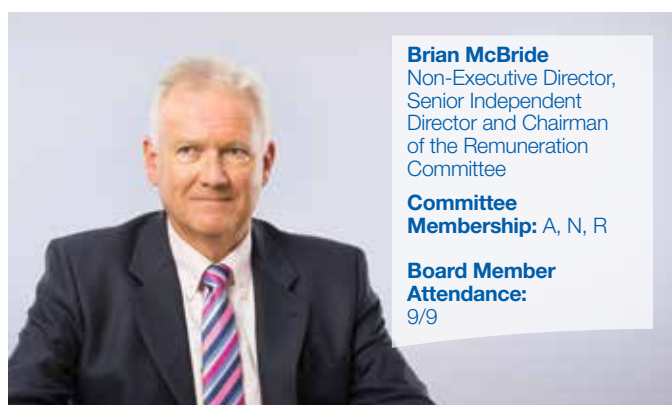
A – Audit Committee
N – Nomination Committee
R – Remuneration Committee



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. Age 65.

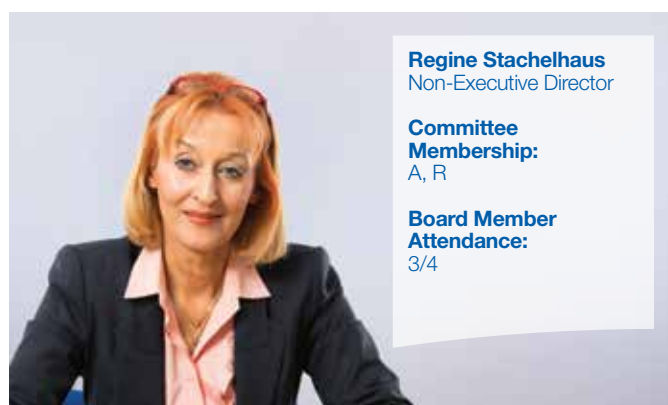


John is a Non-Executive Director and Chairman of the Audit Committee of Gemalto NV, a Non-Executive Director and Chairman of the Audit Committee of ITV plc and Chairman of Tribal Group plc. John is a chartered accountant and has held senior positions with Arthur Andersen and with Deloitte. His former non-executive board appointments include Transport for London and Misys plc. Age 65.



Brian is the Chairman of ASOS plc and Non-Executive Director on the Board of the BBC. He is a member of the Advisory Board of Huawei UK, as well as a member of the UK Government's Digital Advisory Board, established in April 2012 to help steer the digital delivery of Government services to citizens in the UK. Brian is also a member of the Court (Governing Body) of the University of Glasgow, Senior Adviser at Scottish Equity Partners and a Non-Executive Director of AO World plc.

Brian is the former Managing Director of Amazon.co.uk. He began his career with Xerox and subsequently worked in senior roles at IBM, Crosfield Electronics Ltd, Madge Networks, Dell Computers and as Managing Director of T-Mobile (UK). Age 58.



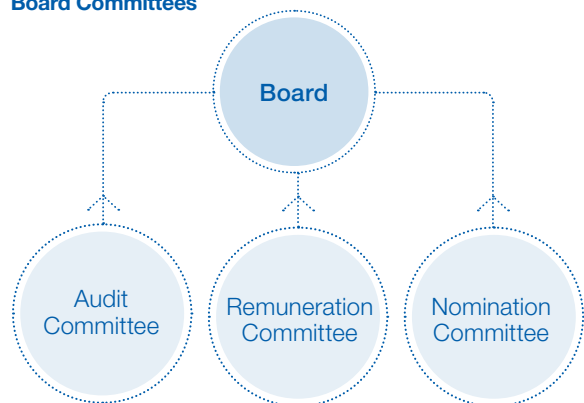
Regine Stachelhaus has been a Member of the Board of Management at E.ON, based in Germany, where she had a broad range of operational responsibilities including for Legal & Compliance, Group Procurement, Group Human Resources and IT.

From 2009 – 2010, Regine was Executive Secretary for the German Committee of UNICEF. From 1984 – 2008, she worked for Hewlett Packard in Germany across a wide number of management roles, including Head of Legal and Sales Director of its Consumer Business Organisation. From 2000 – 2008, Regine was a Geschäftsführer of Hewlett Packard GmbH, Hewlett Packard's German subsidiary. She originally qualified as a lawyer specialising in employment law and software licensing. Age 58.

Corporate Governance report

Letter from the Chairman of the Company

Board Committees



Greg Lock
Non-Executive Chairman



Dear Shareholder

Commitment to Corporate Governance

The Board of Computacenter believes that long-term shareholder value creation is supported by high-quality governance. It is therefore committed to the principles of good governance and supports the best practice guidelines contained within the UK Corporate Governance Code, as amended in September 2012 (the 'Code'). The Code is published by the Financial Reporting Council and can be found at www.frc.gov.uk.

This Corporate Governance report outlines and explains the Company's governance policies and practices, and sets out how the principles of the Code have been applied during the year ended 31 December 2013. I am able to confirm to you that, except where indicated and fully explained within this report, the Company has complied with each of the provisions of the Code throughout the year.

We have additionally, for ease of reference, prepared a separate report by reference to each of the Main Principles and separate provisions of the Code explaining how the Company has complied with each of these. This report can be found at www.computacenter.com/investors.

Board Composition

The changes made to the Board during 2013 have been referred to within the Nomination Committee report on page 55. As previously announced by the Company during the period, we were pleased to welcome Regine Stachelhaus onto the Board as a Non-Executive Director in July 2013. In line with the Company's procedure for new Directors, Ms. Stachelhaus received a full induction, which included meetings with the Chairman of the Board and its Committees, the CEO and CFO. Additionally, Ian Lewis stepped down from his position as a Non-Executive Director in September 2013, following eight years of valuable service in that role.

"The Board believes that long-term shareholder value creation is supported by high-quality governance."

Board Effectiveness

Since the publication of the 2012 Annual Report and Accounts, an evaluation of the Board, its key Committees and each of the Directors has been carried out by an external and independent provider, NJMD Corporate Services Limited ('NJMD'). Details of the full process carried out and the findings of the evaluation can be found on page 43 of this report. Following this evaluation, I am satisfied that the Board is functioning effectively and that its current constitution and range of skills are appropriate to ensure that the long-term interests of the Company and our shareholders are protected. I also remain satisfied that the members of the Board, in particular the Non-Executive Directors, have sufficient time to undertake their roles at Board and Committee level as currently required by the Company. However, I can assure you that in my role as Chairman of the Board, I will continue to assess both of these judgements to ensure that they remain the case on an ongoing basis.

Board Visits

As in previous years, the Board held a meeting at one of the Company's overseas operations. In 2013, this was held in Berlin, Germany. During the visit the Board discussed, with senior members of the in-country German management team, the progress made by the business following the implementation of Group Operating Model policies and procedures, and the associated strengthening of governance and internal controls within our German business at the beginning of the year. Board members were additionally given a tour of the Group Service Desk in Berlin.

Diversity

The Board continues to recognise the benefits that diverse skills, experience and points of view can bring to an organisation, and how it may assist the decision-making ability of the Board, thereby increasing its effectiveness. Whilst the Board continues to recognise the continuing debate around requirements for diversity, including that which has taken place within European Union legislating bodies during 2013, and the associated principles involved, appointments to the Board will continue to remain primarily based on merit. As at 31 December 2013, the Computacenter Board had one female Non-Executive Director, Regine Stachelhaus, representing 12.5 per cent of total Board membership.

Shareholder Engagement

The Board remains committed to communicating with our shareholders and, where appropriate, submitting its views and considerations for consultation and feedback. Further details regarding this engagement with our shareholders can be found on page 43 of this report.

In accordance with the Code, all of the Directors will stand for re-election at the 2014 Annual General Meeting ('AGM'), with the exception of Regine Stachelhaus, who will be standing for election by shareholders for the first time, following her appointment to the Board in July 2013.



Greg Lock

Non-Executive Chairman

10 March 2014

Effectiveness

Board Composition and Independence

The membership of the Board as at 31 December 2013 is set out on pages 38 and 39, and on that date included six Non-Executive Directors and two Executive Directors. With the appointment of Regine Stachelhaus in July 2013, and the resignation of Ian Lewis from the Board in September 2013, there have been four different independent Non-Executive Directors, excluding the Chairman, on the Board during the course of the year. The attendance of the Directors at Board and Committee meetings is additionally set out on pages 38, 51, 55 and 63 of this report.

During the period, the Board has considered the independence of each Director, taking into account the guidance provided by the Code. The Chairman, Greg Lock, was considered by the Board to be independent on appointment, and each of Brian McBride, John Ormerod and Regine Stachelhaus are considered by the Board to be independent in their character and judgement. Brian McBride remains the Senior Independent Director, following his appointment to the Board in 2011. In this role, Mr McBride acts as an intermediary between the Chairman and the other Directors. The Chairman and Non-Executive Directors met twice throughout the year without the Executive Directors being present.

The Board acknowledges that the Company is not in compliance with paragraph B.1.2 of the Code, which requires at least half of the Board, excluding the Chairman, to be independent Non-Executive Directors. The founders of the Company, Philip Hulme and Peter Ogden, are Non-Executive Directors, but are not considered independent under the Code, due to their long tenure, substantial shareholding in the Company and their previously held executive positions with the Company. The Board continues to review this matter and, as a result of the external Board evaluation recently carried out, it remains clear that the contribution being made by these two Directors to the Board, not least due to their continuity of service and knowledge of the Company, is highly valued by its other members.

Roles and Responsibilities of the Board

The Board is responsible for the management and performance of the Group. It plays a key role in discussing, reviewing and approving the strategic objectives of the Group, and through the review of business plans and budgets submitted by the Executive Directors and senior management, is additionally responsible for ensuring that adequate resources are in place to meet these aims. The Board reviews the performance of the Executive Directors and senior management against the targets set for the delivery of these agreed objectives, including a monthly review of the financial performance of each of the Group's in-country units. Additionally, the Board has the powers and duties conferred upon it by the relevant laws of England and Wales and the Computacenter plc Articles of Association. There is also a documented schedule of Matters Reserved for the Board which additionally include, amongst

other things, the approval of acquisitions, major capital expenditure and Group strategy and budgets. This schedule is reviewed at least annually, or more frequently where required and, during the year, was updated once. This schedule can be found on our website at www.computacenter.com/investors.

The Board held eight scheduled meetings during the year to deal with the standing items on its agenda, including reviewing and discussing any information provided to it by senior management. Additionally, the Board held a special meeting during the year to, amongst other matters, discuss and approve the return of approximately £75 million to the Company's shareholders, which was successfully completed in July 2013. Day-to-day management and operational activities are delegated to a duly authorised Group Executive Committee including, amongst others, the Executive Directors, Group Chief Operating Officer and Group Chief Commercial Officer. Other Board level matters are delegated to each of the Audit, Nomination and Remuneration Committees, details of which can be found at pages 51 to 70 of this Annual Report and Accounts. The Terms of Reference for each Committee can be obtained from the Company's website, www.computacenter.com/investors, or from the Company Secretary, upon request. The composition of each Committee appears on pages 51, 55 and 63 following this report, as do reports from the Chairman of each Committee setting out the main responsibilities of their respective Committee and its main activities during the year.

The roles of the Chairman and Chief Executive are separate and their responsibilities are clearly defined in writing, reviewed annually and approved by the Board. In summary, the Chairman's role is to lead and manage the Board, and to play a role in facilitating the discussion of the Company's strategy by the Board. The Chairman actively encourages contribution from all Directors and is responsible for ensuring that constructive interaction is ongoing between the individual members of the Board. Externally, there have been no changes to the other significant commitments of the Chairman during the year which would impact the time he has to fulfil his role as Chairman of the Company.

The Chief Executive, in turn, is responsible for the day-to-day management of the Group's operational activities and for the proper execution of strategy, as set by the Board. There is no dominant individual or group of individuals on the Board influencing its collective decision-making ability and the Board is comfortable that each of the Directors makes a valuable contribution to the Board.

Board Effectiveness

Upon joining the Board, all Directors receive a comprehensive induction programme, tailored to their specific background and requirements. New Directors receive an induction pack which contains information on the Group's business, its structure and operations, Board procedures, corporate governance related matters and details regarding Directors' duties and responsibilities. All new Directors are introduced to the Group's senior management team.

All Directors receive appropriate documentation in advance of each Board and Committee meeting, including detailed briefings on all matters, in order to discharge their duties effectively in considering a matter and reaching a decision on it.

A performance review of the Board, its Committees and Directors has been undertaken using an external facilitator, Nigel Davies, of NJMD. NJMD has no connection with the Company beyond this evaluation. The process this year involved each Director completing a detailed questionnaire, tailored to reflect the activities of the Board and its Committees during the year. Following this, a further follow-up interview was conducted with each Director, and the information from each questionnaire and interview was then analysed and included in a report for discussion and consideration by the Board as a whole. The review indicates that the Board is effectively run and administered, and is functioning well as a cohesive unit. It additionally found that there is appropriate opportunity for all Directors to participate in open and constructive debate, and did not find any major areas of concern or identify any matters which were of particular concern to individual Directors. It was noted that significant strategy review work had been carried out by the Board in 2013, and that the development of appropriate objectives against which to measure the Company's future performance was work in progress. It was recommended that the role of the Senior Independent Director be formalised in writing, and plans are now in place to address this recommendation.

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

While the Company's Articles of Association require a Director to be subject to election at the first AGM following his or her appointment and thereafter every third year, the Board has decided that, in accordance with the Code, with the exception of Regine Stachelhaus who will be standing for election for the first time, all Directors should be subject to re-election at the next AGM on 15 May 2014. All Directors will then be subject to re-election at each AGM thereafter.

Board Support

The 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 continually 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 individual Directors to obtain independent professional advice, at the Company's expense, where they believe it is important to the furtherance of their duties.

Relations with shareholders

The Board recognises and values the importance of meeting the Company's shareholders to obtain their views and has established a programme to communicate with shareholders, based on its financial reporting calendar.

The Board is informed of any substantial changes in the ownership of the Company's shares by the Company's corporate brokers who provide monthly reports on that ownership. In addition, meetings are held with major shareholders following both the full-year and half-year results. Normally, these meetings are with the Chief Executive and Finance Director. The whole Board is briefed on the outcome of these meetings and any issues raised are discussed.

In addition, once a year, the Company's top 15 shareholders are invited to meet individually with the Chairman and the Company Secretary to provide feedback on the Company's management and raise other comments, albeit only a few shareholders take up this opportunity. Specifically, at these meetings, the Company Secretary discusses the Company's corporate governance arrangements and invites feedback on any areas of particular interest from the relevant shareholder.

The Chairman and the Senior Independent Director are contactable at the Company's registered office to answer any queries that both institutional and individual shareholders may have. All of the Directors aim to attend the AGM and value the opportunity of welcoming individual shareholders and other investors to communicate directly and address their questions. In addition to mandatory information, a full, fair and balanced explanation of the business of all general meetings is sent in advance to shareholders. 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.

Accountability

Internal control

The Board has overall responsibility for maintaining and reviewing the Group's systems of internal control and ensuring that the controls are robust and effective in enabling risks to be appropriately assessed and managed. The Group's systems and controls are designed to manage risks, safeguard the Group's assets and ensure the reliability of information used both within the business and for publication. This system of control is designed to reduce to a level consistent with the Board's risk appetite, 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. It is of the opinion that the Company has complied with the internal control requirements of the Code throughout the year. Where weaknesses or opportunities for improvement are identified, changes are implemented and monitored.

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

Risk management

The primary responsibility for identifying and managing the risks faced by the Group lies with executive and operational management. A comprehensive risk management programme is developed and monitored by the Group Risk Committee, the members of which include senior operational managers across the Group, the Finance Director and the Group Head of Internal Audit and Risk. The Group Risk Committee is chaired by the Group's Chief Operating Officer.

The Board sets the Group's risk appetite and, through the Audit Committee, reviews the operation and effectiveness of the Group's risk management activities. The Board receives regular reports from the Group Risk Committee and periodically reviews the strategic risks faced by the Group and key mitigation plans.

Further information on the key risks facing the Company and the work of the Group Risk Committee can be found within the Risk report on pages 12 to 15. Through a programme of assessment, appropriate measures and systems of control are maintained and, where necessary, developed and implemented. Detailed business interruption contingency plans are in place for all key sites and these are regularly tested, in accordance with an agreed schedule.

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 monthly basis to discuss day-to-day operational matters and, with the implementation of the Group Operating Model within the UK and Germany thus far, ultimate authority and responsibility for operational governance sits at Group level. The decision has been made to implement the model additionally within the Group's French business, and we anticipate that this will have been completed by the end of the first half of 2014.

Control environment

The Group operates defined 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 by senior management 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 reviewed against budgets and agreed targets for the period which, additionally, are compared to historic data as deemed appropriate, such as for the previous year. The results and explanations for variances are regularly reported to the Board. Appropriate action is taken where variances arise.

Management and specialists within the Finance Department are responsible for ensuring the appropriate maintenance of financial records and processes that ensure financial information is relevant, reliable, in accordance with applicable laws and regulations and distributed both internally and externally in a timely manner. A review of the consolidated financial statements is completed by management to ensure that the financial position and results of the Group are appropriately reflected. All financial information published by the Group is subject to review by the Audit Committee.

Capital expenditure and investments

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

Centralised treasury function

The Board has established and reviews regularly key treasury policies over matters such as counterparty exposure, borrowing arrangements, and foreign exchange exposure management. All cash payments and receipts are managed by centralised finance functions within each of the Group operating companies. During 2013, consistent with the ongoing implementation of the Group Operating Model, a coordinated Group treasury function has been established. The management of liquidity and borrowing facilities for customer specific requirements, ongoing capital expenditure and working capital of the business are all undertaken by the Group treasury function which reports to the Finance Director, with regular reporting 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 ongoing appraisal procedures are in place, to ensure that required standards are maintained across the Group. Resource requirements are identified by managers and reviewed by the relevant Executive Committee.

Compliance Policies

The Company has in place a number of compliance policies which are applied, including those relating to Business Ethics and Anti-bribery. Any breach of these policies by an employee is considered a disciplinary matter and is dealt with accordingly. The Company's Business Ethics policy outlines a procedure for 'Whistleblowing,' where concerns of wrongdoing can be reported to the Group Head of Internal Audit and Risk or the Chairman of the Audit Committee.

Internal audit

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

The Board, acting through the Audit Committee, has directed the work of the Internal Audit Department 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 over, approximately, a three-year period. The programme and the findings of the reviews are continually assessed to ensure that they take account of the latest information and in particular, the results of the annual review of internal control and any shifts in the focus areas of the various businesses. The effectiveness of the Internal Audit department and the Group's risk management programme are reviewed annually by the Audit Committee.

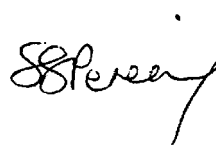
Annual General Meeting

The AGM of the Company will be held on 15 May 2014 at Computacenter House, 93-101 Blackfriars Road, SE1 8HL. The AGM notice of meeting sets out each of the resolutions being proposed. This notice will shortly be available for download from www.computacenter.com, and has been mailed to shareholders if they have elected to receive hard copies.

Compliance with DTR

The information that is required by DTR 7.2.6, relating to the share capital of the Company, can be found within the Directors' report from page 46.

By order of the Board



Simon Pereira

Company Secretary
10 March 2014

Directors' report

Computacenter plc is incorporated as a public limited company and is registered in England with the registered number 3110569. Computacenter plc's registered office address is Hatfield Avenue, Hatfield, Hertfordshire, AL10 9TW.

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 2013.

Strategic Report

The Companies Act 2006 requires the Group to prepare a Strategic report, which commences at the start of this Annual Report and Accounts up to page 37. The Strategic report includes information about the Group's operations and business model, financial performance throughout the year and likely developments, key performance indicators, principal risks and information regarding the Group's sustainable development plan.

Computacenter plc mandatory greenhouse gas emissions reporting

Computacenter plc mandatory greenhouse gas ('GHG') emissions reporting	How this was calculated	Our action to reduce carbon emissions in the UK
Global GHG emissions data for period: 1 January to 31 December 2013	We have used the main requirements of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).	Installation of 4 Voltage Optimisation Units saving 7-10 per cent of electricity usage per year.
Emissions 28,239 metric tonnes of CO ₂ e	Emission factors used are from the UK Government's Conversion Factors supplied by the Department of Environment, Food and Rural Affairs.	£4.5m of renewable electricity has been purchased for the UK sufficient for two years usage over the period 2013-2014.
Scope 1: Combustion of fuel and operation: 3,290 tonnes	This activity has been conducted as part of our UK Environment Management System registered to ISO 14001:2004 (EMS 71255).	Installation of eight new efficient gas heating systems across the UK.
Scope 2: Electricity, heat, steam and cooling purchased for own use: 24,949 tonnes	Group properties included in this report are all current locations in the UK, Germany, France, Belgium, Spain, South Africa, Luxembourg, Switzerland, Malaysia and Hungary.	£250,000 of investment in new technology helping to reduce emissions produced by our datacenters.
Total footprint: 28,239 tonnes	We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.	The volume of electricity required for our datacenters is 45 per cent of the total required for the UK. They host customers' Information Technology in the form of servers, thus reducing their carbon footprint. However, this increases the level of emissions that Computacenter produces.
Company's chosen intensity measurement:	Limitations to data collection	Investment was made in the replacement of nine new gas boiler systems, located at Hatfield and the London office, in order to increase efficiency.
Total footprint equals 9.19 tonnes of emissions per £m value of Group revenue	Less than 5 per cent of emissions were estimated or based on an average usage per square foot.	
Total footprint equals 2.22 tonnes of emissions per Group employee		
Scope 1/2/3	This data is available for the UK, and is reported annually in our Carbon Disclosure Project reports.	
Energy Efficiency Scheme (CRC)	The UK continues to fully comply with this scheme, and is registered as a participant in it.	
ISO 14001:2004	The EMS of the UK has been registered to this standard since 2002.	

Corporate governance

Under Disclosure and Transparency Rule 7.2, the Company is required to include a Corporate Governance report within the Directors' report. Information on our corporate governance practices can be found in the Corporate Governance report on pages 40 to 45, and the reports of the Audit, Remuneration and Nomination Committees on pages 51 to 70, which are incorporated into the Directors' report by reference.

Management Report

This Directors' report, together with the other reports, forms the Management Report for the purposes of Disclosure and Transparency Rule 4.1.8.

Results and dividends

The Group's activities resulted in a profit before tax of £50.5 million (2012: £64.8 million). The Group profit for the year, attributable to shareholders, amounted to £33.2 million (2012: £49.1 million). The Directors recommend a final dividend of 12.3 pence per share totalling £16.7 million (2012: £15.8 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 2013 accounts, as described in note 12, is made up of last year's final dividend (10.5 pence per share) and the interim dividend (5.2 pence per share).

The final ordinary dividend for 2013, if approved at the forthcoming AGM, will be paid on Friday 20 June 2014. The dividend record date is set on Friday 23 May 2014 and the shares will be marked ex-dividend on Wednesday 21 May 2014. The Company paid an interim dividend of £7.0 million in October 2013.

Articles of Association

The Company's Articles of Association set out the procedures for governing the Company. A copy of the Articles of Association, which were amended once during the year in order to facilitate the return of approximately £75 million to shareholders, is available on the Company's website (www.computacenter.com/investors).

Directors and Directors' authority

The Directors who served throughout the year ended 31 December 2013 were Tony Conophy, Philip Hulme, Greg Lock, Brian McBride, Mike Norris, John Ormerod and Peter Ogden. Additionally, Regine Stachelhaus was appointed to the Board as a Non-Executive Director in July 2013, and Ian Lewis stepped down from his position as a Non-Executive Director in September 2013. Biographical details of each director, as at the date of this report, are given on pages 38 and 39. The Company's Articles of Association require at each AGM that those Directors who were appointed since the last AGM retire, as well as one-third of the Directors who have been the longest serving. The Board has decided, in accordance with the Code, that all Directors, with the exception of Regine Stachelhaus, will retire at each forthcoming AGM and offer themselves for re-election. The Nomination Committee has considered the re-election of each Director and recommends their re-election. Further details on the Committee's recommendations for the re-election of the Directors are set out

in the Notice of AGM, as is the brief Curriculum Vitae of each Director, which collectively illustrate the skills and experience that the Directors bring to the Board. At the 2014 AGM, Ms Stachelhaus will offer herself for election to the Board for the first time following her appointment in July 2013.

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 following AGM of the Company, at which point they will be required to stand for election by the members. A Director may be removed from office at a general meeting of the Company, by the passing of an Ordinary Resolution (provided special notice has been given in accordance with the UK Companies Act 2006).

Members have previously approved a resolution to give the Directors authority to allot shares, and a renewal of this authority is proposed at the 2014 AGM. This authority allows the Directors to allot shares up to the maximum amount stated in the Notice of AGM (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 rights of pre-emption. A resolution to allow a limited waiver of these rights was passed by the members at last year's AGM. It is proposed at the forthcoming AGM that a similar waiver should be granted, which will represent approximately five per cent of the issued share capital. Full details of the proposed waiver are in the Notice of AGM. The current waiver expires at the conclusion of the 2014 AGM.

Directors' indemnities

The Company has executed deeds of indemnity with each of the Directors. These deeds contain qualifying third party indemnity provisions, indemnify the Directors to the extent permitted by law and 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.

Directors' conflicts of interests

The Board has put in place a process whereby the Directors are required to notify the Company Secretary of any situations (appointments, holdings or otherwise), or any changes to such, which may give rise to an actual or potential conflict of interest with the Company. These notifications are then reviewed by the Board and recorded in a register maintained by the Company Secretary and, if appropriate, are considered further by the Directors who are not conflicted in the matter, to (if deemed appropriate) authorise the situation. The register of notifications and authorisations is reviewed by the Board twice a year. Where the Board has approved an actual or potential conflict, it has imposed the condition that the conflicted Director abstains from participating in any discussion or decision affected by the conflicted matter.

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:

	As at 31 December 2013		As at 1 January 2013 or date of appointment		+/- after taking account of Return of Value share consolidation	
	Number of ordinary shares Beneficial	Number of ordinary shares Non-Beneficial	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	1,288,939	–	1,385,658	–	+46,497	–
Tony Conophy	2,025,177	–	2,194,659	–	+55,538	–
Non-Executive Directors						
Greg Lock	400,000	25,885	430,000	50,984	+13,000	-20,000
Philip Hulme	13,846,593	9,891,526	17,051,770	9,073,921	-1,600,000	+1,600,000
Brian McBride	–	–	–	–	–	–
Peter Ogden	31,802,071	881,249	35,335,636	979,166	–	–
John Ormerod	22,500	–	25,000	–	–	–
Regine Stachelhaus	–	–	–	–	–	–

Between 31 December 2013 and 10 March 2014, there have been no changes to the interests detailed above. Save as disclosed in this report and the Remuneration Committee report, no Director has any interest (beneficial or non-beneficial) in any share or loan capital of the Company or any of its subsidiaries.

Major interests in shares

As at 12 February 2014, the Company was aware of the following major interests in its shares:

Name of Major Shareholder	% of issued share capital held
Peter Ogden	22.88
Philip Hulme	9.96
Standard Life Investments Ltd	6.72
Schroder Investment Management Ltd	5.54
Investec Asset Management Ltd	5.40
The Hadley Trust (of which Philip Hulme, Non-Executive Director of the Company, is a trustee)	4.64
Artemis Investment Management Ltd	4.37

Capital structure

As at 28 February 2014, there were 138,965,137 fully paid ordinary shares in issue, all of which have full voting rights and there were no restrictions on the transfer of these shares. Additionally, there were 153,931,830 deferred shares in issue. Pursuant to the Company's share schemes, there are two employee trusts which, as at the year-end, held a total of 3,107,098 ordinary shares of 6½ pence each, representing approximately 2.2 per cent of the issued share capital.

During the year, the trusts purchased a total of 338,000 shares in order to ensure that the maturities occurring pursuant to these share option schemes could be satisfied. In the event that shares are held by these trusts before being transferred to employee participants pursuant to the schemes then, in line with good practice, the Trustees do not exercise the voting rights attaching to such shares. In the event that another entity or individual takes control of the Company, the employee share schemes operated by the Company have change of control provisions contained within them that would be triggered. Participants may, in certain circumstances, be allowed to exchange their options for options of an equivalent value over shares in the acquiring company. Alternatively, the options may vest early, in which case, early vesting under the executive schemes will generally be on a time-apportioned basis and under the Sharesave scheme, employees will only be able to exercise their options to the extent that their accumulated savings allow at that time. The Company was granted authority at the 2013 AGM, to make market purchases of up to 15,393,182 ordinary shares of 6½ pence each. This authority will expire at the 2014 AGM, where approval from shareholders will be sought to renew the authority. During the period no shares were purchased for cancellation.

Significant agreements and relationships

Details regarding the status of the various borrowing facilities used by the Group are provided in the Finance Director's review on pages 28 to 33. These agreements each include a change of control provision, which may result in the facility being withdrawn or amended upon a change of control of the Group. It is also not extraordinary within our business sector for our longer term Services contracts to contain change of control clauses that allow a counterparty to terminate the relevant contract in the event of a change of control of the Company.

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Finance Director's review on pages 28 to 33.

Employee share schemes

The Company operates executive share option schemes and a performance-related option scheme for the benefit of employees. During the year, no options were granted under the executive share option schemes.

At the year-end, the options remaining outstanding under these schemes were in respect of a total of 592,000 ordinary shares of 6½ pence each (2012: 1,033,000 shares). During the year options over 441,000 shares were exercised and options over nil shares lapsed. The Company also operates a Performance Share Plan ('PSP') to incentivise employees. During the year, 1,049,579 ordinary shares of 6½ pence each were conditionally awarded (2012: 1,179,689 shares). At the year-end, awards over 3,066,742 shares remained outstanding under this scheme (2012: 3,207,545 shares). During the year, awards over 571,821 shares were transferred to participants and awards over 618,561 shares lapsed. In addition, the Company operates a Sharesave scheme for the benefit of employees. At the year-end, 3,292,614 options granted under the Sharesave scheme remained outstanding (2012: 2,971,058).

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 report on pages 34 to 37 and covers matters regarding health and safety, the environment, equal opportunities, employee involvement, employee development and charitable donations. During the year, the Group did not make any political donations to any political party or organisation and it did not incur any political expenditure within the meaning of Sections 362 to 379 of the Companies Act 2006.

Equal opportunities

The Group acknowledges the importance of equality and diversity and is committed to equal opportunities throughout the workplace. The Group's policies for recruitment, training, career development and promotion of employees, are based purely on the suitability of the employee and give those who may be disabled equal treatment to their able bodied colleagues. Where an employee becomes disabled, subsequent to joining the Group, all efforts are made to enable that employee to continue in their current job. However if, due to the specific circumstances, it is not possible for an employee to continue in their current job, they will be given suitable training for alternative employment within the Group or elsewhere.

The Group monitors and regularly reviews its policies and practices to ensure that it meets current legislative requirements, as well as its own internal standards. The Group is committed to making full use of the talents and resources of all its employees and to provide a healthy environment that encourages productive and mutually respectful 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 address local regulatory requirements.

Gender split across the Group

	Male	Female
Percentage of persons who are senior managers of the Group	84.9%	15.1%
Percentage of employees in the Group	78.4%	21.6%

Employee involvement and development

The Group is committed to involving all employees in significant business issues, especially matters which affect their work and working environment. A variety of methods are used to engage with employees, including team briefings, intranet, email and in-house publications. The Group will use one or more of these channels to brief employees on the Group's performance and the financial and economic factors affecting the Group's performance. In particular, the Group operates a Save As You Earn ('SAYE') share scheme, which is open to eligible employees, where employees are encouraged to save a fixed monthly sum for a period of either three or five years. Upon maturity of the scheme at the end of the relevant saving period, participants can purchase shares in the Company at a price set at the commencement of the saving period. The primary method used to engage and consult with employees is through team briefings, where managers are tasked with ensuring that information sharing, discussion and feedback happen on a regular basis.

The development of employee skills and careers, as well as the communication of Company goals, are driven by our e-FACE tool. Annual assessments via our e-FACE tool are a formal requirement of all managers.

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 cross-jurisdictional issues to discuss, a facility exists to engage a European forum made up of representatives from each country forum. The Group regularly reviews the performance of its employees through a formal review process, in order to identify areas for development. Managers are responsible for setting and reviewing personal objectives, aligned to corporate and functional goals. The Board closely oversees and monitors management skills and the development of talent to meet the current and future needs of the Group. The Board directly monitors and reviews closely, succession and plans for developing identified key senior managers.

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. The Group has additionally adopted a Code of Ethics specifically aimed at the prevention of bribery.

Going concern

Computacenter's business activities, business model, its strategic goals and its performance are set out within the Strategic report on pages 2 to 37. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out within the Finance Director's review on pages 28 to 33. In addition, notes 26 and 27 to the financial statements include Computacenter's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit and liquidity risk. Computacenter's balance sheet strength, its long-term contracts with customers and suppliers, as well as the different geographies within which it operates, provide the Directors with confidence that Computacenter is well placed to manage its business risks even during a prolonged period of economic uncertainty.

The Directors have, after due consideration and investigation, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditor

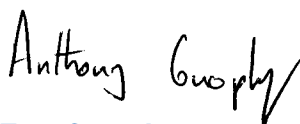
Ernst & Young LLP has expressed its willingness to continue in office as auditor and a resolution approving the reappointment of Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming AGM.

Pages 1 to 71, inclusive, of this Annual Report comprise the Directors' report that has been drawn up and presented in accordance with English company law, and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.



Mike Norris

Chief Executive



Tony Conophy

Finance Director

10 March 2014

Audit Committee report



John Ormerod
Audit Committee
Chairman

Member	Role	Attendance record
1. John Ormerod (Chairman)	Non-Executive Director	4/4
2. Ian Lewis	Non-Executive Director	3/3
3. Brian McBride	Non-Executive Director	4/4
4. Regine Stachelhaus	Non-Executive Director	1/1

Dear Shareholder

Set out from pages 51 to 54 is the Audit Committee report.

In reporting to you, we have sought to respond to stakeholders' changing requirements and expectations of audit committees. In particular we have:

- Set out in more detail how the Committee has reviewed and challenged the accounting policies and judgements which underlie our reported financial information;
- Identified how we assess the quality of our external audit and monitor the auditor's independence;
- Initiated a process for an audit tender in 2014; and
- Assisted the Board in formally confirming that the 2013 Annual Report and Accounts is fair, balanced and understandable.

This is no doubt the start of improved communication between audit committees and shareholders, and we welcome feedback.

John Ormerod
Chairman of the Audit Committee
10 March 2014

Responsibilities of the Audit Committee

The key responsibilities of the Audit Committee include the review of financial information released by the Company, including its annual and half-year statements and results. The Committee is required to review, challenge, and report to the Board on the appropriateness of the Company's accounting policies and the key judgements made in the preparation of financial information. The full responsibilities of the Committee can be found within its Terms of Reference on our website, at www.computacenter.com/investors

Committee Membership, Meetings and Performance

All members of the Audit Committee are Independent Non-Executive Directors of the Company, and are considered by the Board to have a wide range of business and financial experience to enable the Committee to perform effectively. The Board considers the Chairman of the Audit Committee to have recent and relevant financial experience for the purposes of the Code. The Committee met four times during the course of 2013. Meetings are attended by members and, at the Committee's invitation, the Chairman of the Board, Chief Executive Officer, Finance Director, Group Head of Internal Audit and Risk and representatives of the external auditor. Others are invited to the Committee's meetings to participate in topics relevant to their responsibilities or experience. The Committee also meets privately, at least on an annual basis, with the external auditor and the Group Head of Internal Audit and Risk. The Chairman of the Committee has regular informal discussions with the Finance Director, Group Head of Internal Audit and Risk and our external auditor. He also receives the reports of the Internal Audit department as they are issued, and additionally receives feedback on the preparation and audit of accounts as that work progresses and as any significant judgements arise.

Main activities and significant areas considered

The Committee reviewed the primary areas of judgement made in the preparation of the Company's financial information in 2013, and these included the following:

Contract accounting and revenue recognition

The complexity of the contractual arrangements with several large customers requires significant consideration to be given to the most appropriate accounting treatment, and judgements made by management in particular around the recognition of revenue accruing from separate component parts of these contracts. During 2013, Management was able to reassess the expected outturn on certain long-term contracts. As the contracts progressed and uncertainties were resolved, the overall contract profitability was reassessed and a one-off gain of £4.0 million recognised. The Committee has reviewed the judgements made in this area by management and, after due challenge and debate, was content with the assumptions made and the judgements applied.

Following the Managed Services contract issues which arose within the Group's German business in 2012, the Audit Committee directed that a full review of the current and forecasted financial performance for each problem contract within that business be undertaken by Management and reviewed by the Group's auditors. The completion of this work established that three of these contracts were likely to be loss-making over the course of their lifetime. Following robust challenge and questioning around the work carried out, including the assumptions used and judgements made by Management in calculating the level of future losses on the contracts, the Committee agreed with the recommendation of Management that a provision of £10.7 million be taken within the Group's 2013 Interim Accounts for forecasted losses on these three contracts both during the second half of 2013 and over the remainder of their lifetime.

Presentation of exceptional items

Exceptional items, such as for contract losses and reorganisation costs, have been disclosed within the Group financial statements in each of the past two years, and Management has now reclassified prior year numbers, specifically in relation to the contract losses in Germany outlined above, to ensure that corresponding numbers are consistently presented. Given the size of these losses and the desire to enable readers of the Company's accounts to understand the underlying trading performance of the business in 2012 and 2013, it was considered necessary to treat these as exceptional in 2013, and to restate the 2012 results accordingly. The Committee received input from the external auditors in considering carefully all matters identified as 'exceptional' in the Group's financial results, to confirm that such accounting treatment is consistent with appropriate accounting standards and practice. The Committee concluded that the classification of items detailed as 'exceptional' within the Group financial results was appropriate.

Impairment

The Committee considered whether the non-current and intangible assets within the Group's French business should be impaired following the poor financial performance by the Group's French business in the first half of 2013. The judgements in relation to asset impairment largely relate to the assumptions underlying the future performance of the business. As such, the Committee received relevant financial reports from Management, from which, it challenged and debated the assumptions underlying the forecasted information provided and Management's recommendation as to the quantum of the impairment charge that should be taken. As a result the Committee agreed with the recommendation of Management that a non-cash impairment of £12.2 million be made to goodwill and acquired intangibles within the French business.

Going concern basis

The application of the going concern basis was discussed by the Committee, in the context of the Group having returned approximately £75 million to its shareholders during the course of 2013 and suffered a statutory loss in the first half of the year. The review by the Committee of analysis prepared by Management supported the Board's decision to seek an additional committed facility of £40 million for the Group to provide significant financial headroom to meet unexpected cash requirements if required, prior to it approving the return of capital transaction. The financial projections and review were updated at the end of the year and on that basis the Committee agreed that the 2013 financial statements were appropriately prepared on a going concern basis.

Deferred tax assets

In 2012, the Company recognised certain deferred tax assets, stemming from accumulated tax losses within its French and German subsidiaries. The level of deferred tax asset recognition in relation to accumulated tax losses is underpinned by a range of judgements, and is substantially based on the future forecast profitability of these entities. The performance of the French business in 2013 has resulted in the need to write off £2.2 million of deferred tax assets as an exceptional item in 2013. The Committee has therefore received and challenged appropriately the financial information relating to future profitability, and the assumption made within that information such as to the likelihood of their recoverability.

Group ERP System

The Group successfully implemented its ERP system into its UK and German businesses in 2011. However, in 2013, the implementation of this system within its French business was less successful for a number of reasons. This resulted in a number of operational problems affecting, for a short period, the ability of the French business to manage the delivery of product and parts through its logistics system. This, in turn, had a resultant negative impact on the visibility and transparency of management reporting during the second half of 2013. Whilst it is clear that the financial performance of the French business has been impacted by these issues, they have now been resolved and the relevant order backlogs have been cleared. As difficulties with the ERP system are overcome, it will facilitate the implementation of the Group Operating Model, which will be used, amongst other things, as the engine to drive an improved business performance in the Group's French business over the medium term. The Committee monitored the response of management to these issues and, in particular, received reports from management and the Group's auditors that assured the Committee that they did not impact the reliability of the Group's reported results.

Annual report

At the request of the Board, the Committee assisted with oversight of the procedures performed to provide the formal assurance now required from the Board that the Annual Report and Accounts is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The new procedures are largely the formalisation of prior practice. The Committee advised the Board that appropriate procedures had been applied.

Internal audit and controls

The Board accepts and acknowledges its overall responsibility for the Group's systems of Internal Control and Risk Management, and to ensure that these work appropriately and effectively. On behalf of the Board, during the year, the Committee monitored the Group's risk management and reviewed the effectiveness of its internal control procedures. A number of detailed areas for improvement are routinely identified and actions implemented as a result of the review of internal controls by Management and the internal audit function. The Committee monitors implementation of agreed improvements. In 2012, there were serious control failures in relation to the bidding and take-on of Managed Services contracts in Germany where much work has been done and improvements are ongoing. With the exception of those issues outlined above concerning the implementation of the Group ERP system into France, no other material control failures were identified in 2013.

The Committee continues to oversee the Internal Audit function, and carried out a review of the department's resources. The Committee received an update from the Group Head of Internal Audit and Risk at each meeting during the year on current audit activities, and any associated issues resulting from the completion of such work. The Chairman of the Committee additionally meets with the Group Head of Internal Audit and Risk on a number of occasions throughout the year, through which he is continually updated on the activities of the internal audit function, and receives a frequent assessment as to whether the function is adequately resourced.

Following the contractual services issues which arose within the Group's German subsidiary in 2012, the Committee gave direction to the Group's internal audit function to focus on the large contract lifecycle. This has resulted in work and reports being reviewed by the Committee around the end-to-end contract bid, take-on and in life-service governance processes. Additionally, work has been carried out to review adherence across the Group to newly implemented industrialisation processes and authorisation structures, as part of the new Group Operating Model in place within the UK and Germany, and currently being rolled out across our French business. The Committee has also received reports and updates on the effect of the implementation of the now Group-wide ERP system in France, and carried out its periodic review of certain controls including treasury, foreign exchange, tax compliance and tax risk.

External audit

The Audit Committee is required to oversee the Company's relationship with its external auditor, and to make recommendations in relation to the Board concerning the appointment, reappointment and remuneration of the external auditor.

Appointment and independence of external auditor

The Committee considers the appointment or reappointment of the external auditor, including the timing of rotation of the incumbent audit partner, on an annual basis. Ernst & Young LLP have served as the Company's auditors since it listed in 1998. The Committee recommended that Ernst & Young LLP be appointed for the 2014 audit. In accordance with good governance practice, the Committee agreed to carry out an audit tender in 2014, with its recommendation to be put before shareholders for approval at the Company's AGM in 2015.

Effectiveness

The Committee reviews the effectiveness and quality of the external audit process by:

- Reviewing the audit plan and monitoring changes in response to new issues or changing circumstances;
- Receiving reports on the results of the audit work performed;
- A post-audit review; and
- Considering the report of the Audit Inspection Unit on Ernst & Young LLP.

The Committee receives and reviews the annual audit plan from Ernst & Young LLP identifying the key risks to the business which will be subject to their audit process. In 2013, these risks included contract accounting and revenue recognition, presentation of exceptional items, impairment, the going concern basis of accounting, deferred tax assets and the effect of the Group ERP system implementation in France on the visibility and transparency of management reporting, due to the inherent Management judgements required in, or as a result of, these issues. At this planning stage, the Committee agrees with the auditors their assessment of materiality and overall scope of work and approves the audit fee arrangements. The Committee additionally assesses the quality of the audit process through the audit reporting from Ernst & Young LLP in relation to such issues.

The Committee assessed the effectiveness of the external audit process by means of a detailed questionnaire which is completed by key stakeholders and relevant internal management. The results of the questionnaire were then discussed as a specific agenda item at the Committee meeting immediately following the completion of the questionnaire process, and any actions requested by the Company to enhance effectiveness were followed-up and appropriately monitored thereafter. The Committee additionally receives and reviews reports from Ernst & Young on their quality controls and independence policies.

Auditor independence

The Committee places considerable importance on ensuring the continuing independence of the Group's auditors. This topic is reviewed at least annually with the auditors, who also have procedures in place, to ensure they bring to bear appropriate scepticism and avoid conflicts of interest.

In support of maintaining the auditor's independence, the Committee has established a policy in relation to the scope and extent of provision of non-audit services by the Group's auditors which is summarised on this page. During the year, the Committee monitored compliance with this policy by approving the audit fee and monitoring the level of non-audit work provided by the external auditor, resulting in non-audit fees being 22 per cent of the Ernst & Young LLP overall audit fee during 2013. This related primarily to additional tax, compliance and consulting work done on the Return of Value to shareholders. The Committee deemed appropriate to use the Company's auditors for this work due to their existing and detailed prior knowledge and understanding of the business.

Summary of policy for engagement of auditors to undertake non-audit work

The external auditor is appointed primarily to report on the annual and interim financial statements. The Committee places a high priority on ensuring that this independent role of reporting to shareholders is not compromised. The Committee recognises, however, that there are occasions when the auditors are best placed to undertake other accounting, advisory and consultancy work in view of their knowledge of the Company's business, confidentiality and cost considerations. The Committee has therefore established procedures to ensure that any non-audit work is only undertaken by auditors where there is no risk of compromise to their independence.

To this end, the Committee has formally defined areas of work for which the auditors will be prohibited from engagement and areas where, subject to following the stipulated processes of authorisation and where appropriate, competitive tendering, the auditors may be engaged. The former areas of work include the preparation of accounting records and financial statements which will ultimately be subject to audit. Currently, the latter areas of potential engagement may include acquisition due diligence and tax compliance and advice. In all cases significant non-audit engagements are subject to prior approval by the Audit Committee or if approval is required between meetings, by the Chairman of the Audit Committee. Other than in exceptional circumstances, the Committee does not expect the value of non-audit services to exceed the aggregate value of audit and audit related services in any financial year.

Nomination Committee report

Nomination Committee



Greg Lock
Nomination
Committee
Chairman

Members	Role	Attendance record
1. Greg Lock (Chairman)	Chairman	3/3
2. Ian Lewis	Non-Executive Director	2/2
3. John Ormerod	Non-Executive Director	3/3
4. Brian McBride	Non-Executive Director	3/3

Responsibilities of the Nomination Committee

The key responsibilities of the Nomination Committee are to assist the Board with:

- The search and selection process for the appointment of both Executive and Non-Executive Directors to the Board.
- Reviewing whether to recommend a Director for re-election at the AGM.
- Reviewing the time commitment required of Non-Executive Directors.
- Determining whether the Board's composition remains appropriate, with particular regard to its size, balance of skills, knowledge, experience and diversity and whether these enable it to discharge its duties and responsibilities effectively.
- Succession planning of the Board, and the induction, training and development of the Directors.
- Identifying and nominating Board candidates to fill any Board vacancy, and ensuring that there is a formal, thorough and transparent procedure in place for the appointment of any new Directors to the Board.
- Reviewing the membership of its Committees.

The full terms of reference for the Nomination Committee are available on our website, www.computacenter.com/investors.

Membership and attendance

The members of the Nomination Committee are the independent Non-Executive Directors and the Chairman of the Board. However, input from all the Directors is sought by the Committee and it involves the Board as a whole when performing its key responsibilities. Details of the membership and attendance at Committee meetings during the year are provided opposite.

The Company Secretary is the secretary to the Committee.

Main activities of the Committee during 2013

The Nomination Committee met on three occasions during 2013 and its work included:

- Undertaking the process of identifying and nominating an additional Board member, following which Ms. Regine Stachelhaus was appointed to the Board in July 2013. The Committee engaged the executive search and recruitment firm Spencer Stuart for this process which, aside from for this type of engagement, has no other connection with the Company.
- Reviewing the performance of the Directors who stood for re-election at the 2013 AGM and recommending their re-election.
- Reviewing, in my absence, the renewal of my appointment as Chairman of the Board.
- Considering the composition of the Board through a review of the skills, knowledge and experience of the individual members and concluding on the appropriateness of the Board's combined ability to adequately challenge and support the Company's aspirations.

John Ormerod, currently the Company's Audit Committee Chairman and a Non-Executive Director of the Board, was appointed to these roles on 31 October 2006. Under the terms of the Code, after nine years of service as a member of the Board, he will no longer be considered independent. As such, Mr Ormerod has notified the Company of his intention to step down as a Non-Executive Director of the Company and Chairman of the Company's Audit Committee by no later than the date of the Company's Annual General Meeting in May 2015. The Company will now take steps to facilitate this change and, as part of this process, in 2014 the Nomination Committee will commence a process to recruit a new Non-Executive Director to chair the Company's Audit Committee.

Greg Lock

Chairman of the Nomination Committee
10 March 2014

Remuneration Committee report

Annual Statement from the Chairman of the Remuneration Committee



Brian McBride
Remuneration
Committee
Chairman

Key information

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Remuneration Policy report	Page 57	➤
Annual Remuneration report	Page 63	➤

Dear Shareholder,

I am pleased to present our Remuneration Committee report for the financial year ended 31 December 2013. It is our first such report to be prepared in accordance with the new reporting regulations introduced in the UK during the course of 2013.

In accordance with the new requirements, the remainder of this report is split into two sections. The first of these reports, from pages 57 to 62, sets out the Directors' Remuneration Policy report, which will be offered for a binding shareholder vote at the Company's Annual General Meeting in 2014 ('AGM').

There is additionally, from pages 63 to 70, our Annual Remuneration report. This discloses how the Group's current remuneration policy has been implemented in 2013, and includes information concerning the amount paid to the Executive and Non-Executive Directors of the Board during 2013. In addition to this Annual Statement, it will be subject to an advisory vote of shareholders at the AGM.

Aligning Executives and Shareholders

As a principle underlying its decision-making in 2013, the Committee has sought to ensure that the amount paid to Computacenter's Executive Directors is clearly linked with their performance and, most importantly, to the value that they have delivered to our shareholders during that time. The Committee did not believe it necessary to change the overall structure of Computacenter's remuneration policy during the year in order to achieve this objective.

Group Performance for the Year

Our performance is explained in more detail within the Strategic report on pages 2 to 37. However, broadly speaking 2013 was a year of good progress for the Group. Turnover and adjusted profitability grew for the fourth consecutive year, the Group carried

out a return of cash of approximately £75 million to its shareholders, and increased its proposed ordinary dividend per share for the year to 17.5 pence.

However, the Board has been disappointed with the performance of the Group's French business. It is also aware of the impact that the overall performance of our three onerous contracts in Germany has had on shareholder value at certain times during the reporting period, notwithstanding that the Group had made significant progress in stabilising the operational and financial performance of these contracts by the end of the year.

Remuneration outcomes for 2013

The basic salaries of the Executive Directors were not increased at the beginning of the reporting period, and will remain at their current level during the course of 2014.

The level of variable remuneration paid out to the Directors in respect of 2013 was affected by the result of our performance in France and the isolated issues within our German business referred to above. As a result, 61.2% of total potential bonus was paid out to the CEO, whilst the Group's Finance Director ('CFO') received 61.9% of his total potential bonus for the year.

The Performance Share Plan ('PSP') awards granted in March 2011, which were due to vest in March 2014, will not be paid out for the Executive Directors or the top levels of senior management in the Group as relevant financial performance conditions were not met.

You will find more detail on these outcomes at pages 63 to 70 of this report.

It has been the role of the Committee to ensure that the performance of the Group is reflected in the remuneration paid out to its Executive Directors. It hopes that, having read this report, shareholders are of the opinion that we have performed this role appropriately and in line with their interests.

Remuneration for 2014

Further detail on how our Directors' Remuneration Policy will be applied in practice for the 2014 financial year, conditional on its proposed approval at our forthcoming AGM, is set out from pages 63 to 70 of this report.

Shareholder views

During the year, I provided the Committee with general feedback from our major shareholders in respect of executive remuneration, particularly as a result of the consultation we carried out in respect of the most recent vesting of our PSP scheme, as is outlined in more detail on page 62.

Where we have engaged with shareholders, we are grateful for the feedback that we have received. We continue to be committed to regular dialogue with them and hope to receive their support at our AGM in May 2014.

Brian McBride

Chairman of the Remuneration Committee
10 March 2014

Computacenter's Remuneration Policy report

This section is the Group's Remuneration Policy ('Policy'), as reviewed and approved by its Remuneration Committee. As required, it complies with Schedule 8 of The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

It is intended that the Policy will be put before shareholders for approval by way of a binding vote at the Company's AGM on 15 May 2014. If approved by shareholders, the Policy will have effect immediately thereafter. Prior to that date, the Company's existing remuneration policy will continue to apply.

In implementing the Policy, it should be noted that the Remuneration Committee considers pay and working conditions in the wider group, as is further outlined on page 62.

Policy Table

Purpose and link to strategy	Operation	Performance Targets
Fixed pay		
Base Salary		
Supports the recruitment and retention of executives of the calibre required to deliver the Group's strategy.	<p>Will reflect an individual's responsibilities, performance, skills and experience.</p> <p>Reviewed annually on 1 January taking into account the level of pay settlements across the Group, the performance of the business and general market conditions.</p> <p>Salary levels at other organisations of a similar size, complexity and business orientation will be reviewed for guidance.</p> <p>An exceptional review may take place to reflect a change in the scale or scope of a Director's role, for example: a major acquisition.</p> <p>Salary levels for the current Executive Directors for the 2014 financial year are:</p> <p>Chief Executive: £500,000</p> <p>Chief Financial Officer: £325,000</p>	n/a
Benefits		
To provide a competitive level of employment benefits	<p>No special arrangements are generally made for Executive Directors.</p> <p>Benefits currently include a car benefit appropriate for the role performed, participation in the Company's private health and long-term sickness schemes, life insurance and income continuance schemes, and participation in all-employee share plans on the same basis as other eligible employees.</p> <p>All of the Group's UK and German tax-resident employees are eligible to participate in the Company's SAYE Scheme.</p> <p>If new benefits are introduced for a wider employee group, the Executive Directors shall be entitled to participate.</p> <p>If, in the opinion of the Committee, a Director must relocate to undertake and properly fulfil his/her executive duties, a one-off cash payment may be made to cover reasonable expenses.</p> <p>While there is no maximum amount as the cost of benefits is dependent upon costs in the relevant market, benefits will be set at levels which are competitive, but not excessive.</p>	n/a
Pension		
To provide an income for retirement	<p>No special arrangements are made for Executive Directors. They are entitled to become members of the Group's defined contribution pension scheme, which is open to all UK employees.</p> <p>If the Executive Director so chooses, he/she may take the pension contribution as a cash alternative, which will be the same percentage of salary as the pension contribution foregone.</p> <p>Pension contributions or allowances will not exceed 15 per cent of base salary.</p>	n/a

Remuneration Committee report continued

Purpose and link to strategy	Operation	Performance Targets
Performance Related Pay		
Annual Bonus		
To incentivise the delivery of annual, short-term, stretching financial and non-financial objectives.	The total sum due is paid in cash after completion of the relevant performance period.	Financial measures will normally be used to calculate at least a majority of bonus achievement and the remainder of annual bonus will normally be attributed to non-financial measures.
To align pay costs to affordability and the value delivered to shareholders.	<p>The maximum annual bonus achievement will be 200 per cent of Base Salary.</p> <p>The Committee has discretion to vary bonus payments downwards or upwards if it considers the outcome would not be a fair and complete reflection of the performance achieved by the Group and/or the Executive Director. To the extent that this discretion is exercised, this will be disclosed in the relevant Remuneration Committee report and may be the subject of shareholder consultation if deemed appropriate.</p> <p>The current bonus opportunities in 2014 are 130 per cent of Base Salary for the CEO and 100 per cent of Base Salary for the CFO. Increases above the current opportunities, up to the maximum limit may be made to take account of individual circumstances, which may include an increase in the size or scope of role or responsibility.</p>	<p>Financial measures will normally include profitability, cost management, cash management and other appropriate measures. Non-financial targets will be stretching targets set by the Committee.</p> <p>Targets are reviewed and approved annually by the Committee to ensure that they are stretching and adequately reflect the strategic aims of the Group.</p>
Performance Share Plan		
To align the interests of Executive Directors and shareholders.	An annual grant of shares, or options to acquire shares, will be made subject to performance criteria. Awards normally vest after a three-year period.	Earnings per share is the primary measure for our Performance Share Plans, and the Committee may exercise its discretion to introduce additional or alternative measures.
To incentivise the achievement of longer-term profitability and returns to shareholders, and growth of earnings in a stable and sustainable manner.	<p>The current maximum face value of annual awards granted in 2014 is 200 per cent of salary for the CEO and 175 per cent of salary for the CFO.</p> <p>Details of the performance conditions applied to awards granted in the year under review and to be granted in the forthcoming year are set out on pages 65 and 66.</p> <p>The Committee will review performance criteria in line with business priorities to ensure they are challenging and fair.</p> <p>The maximum opportunity contained within the plan rules is:</p> <p>Ordinarily 200 per cent of annual Base Salary or 400 per cent of annual Base Salary in exceptional circumstances.</p> <p>The Committee has discretion to vary the percentage of awards vesting downwards or upwards if it considers that the outcome would otherwise not be a fair and complete reflection of performance over the plan cycle.</p>	<p>In the event of serious misconduct of an Executive Director, or the misstatement of financial results, these awards may be subject to malus or clawback provisions at the discretion of the Committee.</p>

Purpose and link to strategy	Operation	Performance Targets
Other		
Chairman and Non-Executive Director Fees		
To ensure that the Group is able to attract and retain experienced and skilled Non-Executive Directors.	<p>Fee levels are determined with reference to those paid by other companies of similar size and complexity and taking into account the scope of responsibilities and the amount of time that is expected to be devoted during the year. No individual is involved in the process of setting his/her remuneration.</p> <p>Fee levels are normally reviewed bi-annually. They may also be increased on an ongoing or temporary basis to take into account changes in the working of the Board.</p> <p>The Chairman of the Board receives a fixed fee. Other Non-Executive Directors receive a basic fee and additional fees are payable for the Chairmanship of the Board Committees and for the additional responsibility of being the Senior Independent Director.</p> <p>Travel expenses and hotel costs are also paid where necessary.</p> <p>2014 fee levels for the incumbents are as follows:</p> <p>Non-Executive Chairman: £170,000 Non-Executive Director Base Fee: £45,000 Supplementary Fee for Senior Independent Director: £6,000</p> <p>Fee for:</p> <p>Audit Committee Chair: £14,000 Remuneration Committee Chair: £8,000</p>	Non-Executive Directors do not participate in any of the Group's incentive arrangements or share schemes and are not eligible for pension or other benefits.
Share Ownership Guidelines		
To strengthen alignment between Executives and shareholders.	<p>Levels are set in relation to annual base salary, and are normally required to be built over a three-year period. The Committee retains discretion to extend this on an individual basis, if it believes that it is fair and reasonable to do so.</p> <p>Options which have vested unconditionally, but are as yet unexercised, will be included on a net basis, for the purposes of calculating shareholdings, as will shares held by an Executive's spouse or dependants.</p> <p>The Committee will regularly review the minimum shareholding guidelines.</p> <p>There is no maximum, but minimum levels have been set at 200 per cent of Base Salary for the CEO and 100 per cent of Base Salary for other Executive Directors. Non-Executive Directors are not required to hold shares in the Company.</p>	n/a

Further detail on the Policy

Changes made to policy

There have been no changes to the policy for salary, annual bonus, pension or other benefits included in the Executive Directors' remuneration package since the release of our 2012 Annual Report and Accounts.

However, within the Policy it is proposed that a change be made to the long-term incentive plan, which will include an arrangement to claw-back awards which have previously vested in Executive Directors, in certain circumstances.

Additionally, as from April 2013, and as referred to in our 2012 Annual Report and Accounts, the period granted for compliance with the minimum shareholding requirements has been reduced from five to three years.

Explanation of performance measures

The performance measures in respect of variable remuneration outlined within the Policy are heavily weighted towards the financial performance of the Group, and therefore to the value that the business delivers to its shareholders.

In the period following our 2012 Annual Report and Accounts, the Committee has carried out a full review of potential performance criteria for the PSP scheme. This has taken place with the assistance of the Group's remuneration consultants, Mercer, and has resulted in the performance criteria structure outlined in the Policy, and the measures for 2014 as outlined on page 65.

It should be noted that no performance targets are set for the Group's SAYE scheme, in which the Executive Directors can participate. This plan is open to all eligible Group employees, and is designed to incentivise them to build a shareholding in the Company, thus aligning their interests with those of the Group's shareholders.

Policy for the remuneration of Group employees

The remuneration of employees more generally across the Group is based on three fundamental principles. Firstly, that it allows the Group to retain the level of talent necessary to implement the strategy as set by the CEO and Board. Additionally, that levels of remuneration should be sufficient to achieve this aim, but should never be higher than is necessary to do so. Finally, with limited exceptions, the more significant the ability of an employee to influence the Company's financial results through their individual performance, the higher the proportion of their remuneration should be performance-based.

The level and design of variable pay takes into account the need to avoid incentivising the Group's employees to act in a manner that is inconsistent with the Group's risk appetite, as set by the Board.

Approach to Recruitment Remuneration

The remuneration package awarded to a newly-recruited Executive Director will be determined by the Remuneration Committee in accordance with the terms of the Policy. Each component will be subject to the same limits as specified in the Policy. Additionally, to facilitate recruitment, the Committee will normally offer shares to any newly-appointed Executive Director up to the value of, and subject to similar performance and timing criteria as, shares and cash bonuses given up as a result of terminating prior employment to join the Company. Any such award made will be subject to clawback and malus provisions that the Remuneration Committee deems to be appropriate.

Where a newly appointed Executive Director is required to relocate internationally, the Group may pay the costs of relocation including housing, travel, taxation advice, shipping costs and education for dependants. Additionally, any Executive Director based outside of the UK will be eligible to participate in insurance and other benefits in line with local practice.

Non-Executive Directors will be appointed in accordance with the terms set out in the Policy by way of an appointment letter. The level of fee for a newly-appointed Chairman would take into account fee levels in the market, the nature of the commitment required and the experience of the individual concerned.

Service Contracts and Loss of Office Payments

The Directors' service contracts and letters of appointment are kept for inspection by shareholders at the Company's registered office.

Executive Directors

The Executive Directors each have a service contract with the Company, which provides for a 12-month notice period from each party.

Fixed Pay

If an Executive Director's employment is terminated, any compensation arrangements will not normally be beyond those set out in their service contract. In the normal course of events, an Executive Director will work their contractual notice period and receive usual salary payments and benefits during this time. In the event of a termination where Computacenter requests that the Executive Director ceases work immediately, a payment in lieu of notice may be made that is equal to fixed pay, pension entitlements and other benefits.

Variable Pay

Whilst outstanding awards under the performance-linked elements of an Executive Director's package will normally lapse if he or she leaves the Company before the payment or vesting date, the Company may still make a pro-rated performance-related payment of annual bonus or unvested long-term incentives. This will be based on the period of time served from the start of the performance period to the date of termination. Such a payment may be made if the individual concerned is deemed by the Committee to leave the Company as 'a good leaver'. The circumstances under which a departing Executive Director will be a 'good leaver' include death, disability, injury, ill-health, redundancy, retirement, the award holder's employing company or business being transferred out of the Group, or any other reason the Committee deems appropriate.

Any such payment will normally be delayed until the applicable performance conditions have been determined for the relevant period, but may be paid out immediately at the discretion of the Committee. Other than in these 'good leaver' scenarios, no pay-outs will be made for performance-linked elements of remuneration.

Where the Executive Director participates in one or more of the Company's all-employee share schemes, his awards may vest upon termination in accordance with applicable scheme rules.

In the event of a takeover or winding-up of Computacenter (which is not part of an internal re-organisation of the Group), PSP awards may also vest to the extent determined by the Committee taking into account the period that has elapsed since the awards were granted, and the performance achieved by the Executive Director against any applicable performance targets.

In any event, the Committee shall not sanction rewards for failure and will seek to mitigate any termination payments where possible.

Additional Expenses

In the event that a Director's employment is terminated for any reason other than gross misconduct, reasonable outplacement, legal fees and, where applicable, repatriation costs for the exiting Director may be paid by the Company, at the discretion of the Committee.

Non-Executive Directors

In respect of Non-Executive Directors, the Company's policy is that all Non-Executive Directors shall be appointed pursuant to a letter of appointment. These provide for an initial period of three years, subject to renewal by the Company thereafter. The appointment may be terminated, by either the Company or the Non-Executive Director on three months' written notice. There is no obligation on the Company to pay compensation for loss of office. All Non-Executive Directors are currently subject to annual re-election by shareholders at the Company's AGM, in accordance with the Code.

Additional arrangements for loss of office

There are no agreements currently in place between the Company and any of its Directors providing for additional compensation for loss of office or employment, other than as disclosed in this report.

Exceptions to the Policy

The Policy, as set out in this report, comprises the full suite of possible components for the remuneration of Directors at Computacenter.

Notwithstanding the restrictions laid out in the Policy, where the Company has made a commitment to a Director which:

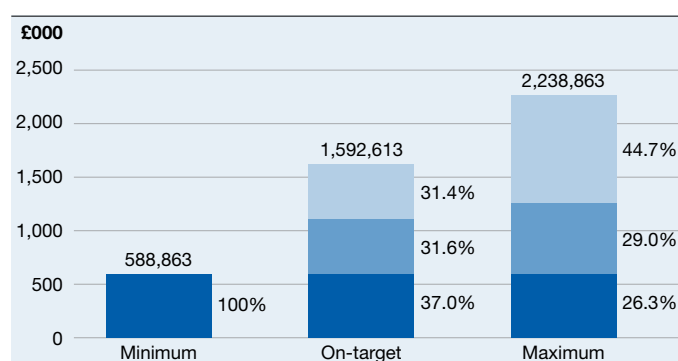
- was in accordance with the then prevailing remuneration policy at the time that the commitment was made; and/or
- was made before the Director became a Director; and/or
- was made before the rules on binding votes on remuneration policies came into effect,

then the Company will continue to give effect to it, even if it is inconsistent with the remuneration policy of the Company which is in effect at that time. Accordingly, earlier remuneration policies of the Company will continue to apply in relation to such awards granted under any company long-term incentive plan and options granted under the Company's all-employee Sharesave Scheme, prior to the approval of the Policy, as these may be granted under one policy and vest or be exercised under a later one. Details of these previous commitments are included within previous Computacenter Annual Reports at www.computacenter.com/investors.

Illustrative Performance Scenarios

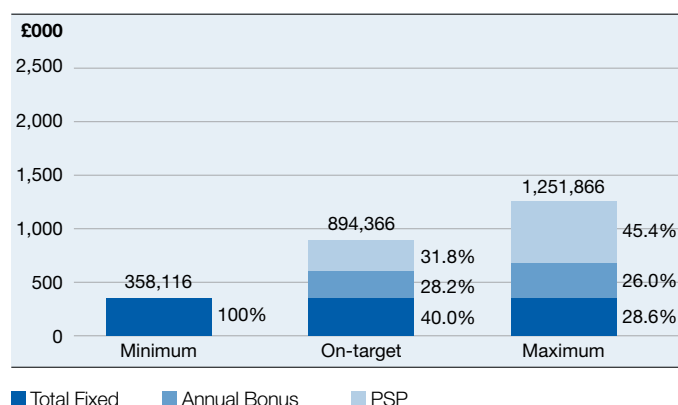
Group CEO – Mike Norris

Total Remuneration (£)



Group CFO – Tony Conophy

Total Remuneration (£)



The charts above show the level of remuneration that is projected to be received by the Directors above in accordance with the Directors' remuneration in the year 2014, which will be the first financial year in which it applies. The charts above show three outcome scenarios: (a) Minimum Threshold, (b) In line with performance expectations, and (c) Maximum Remuneration Achievable.

Remuneration Committee report continued

In developing the scenarios, the following assumptions have been made:

Minimum threshold

- Only total fixed pay is received (i.e. base salary, benefits and pension), and there is no vesting of any of Computacenter's variable remuneration schemes;
- Benefits are those projected to be received by the Executive Director in 2014; and
- Pension is measured by applying cash in lieu rate against salary in 2014.

	Base	Benefits	Pension	Total Fixed
Group CEO	£500,000	63,863	25,000	588,863
Group CFO	£325,000	16,866	16,250	358,116

On-target

This is based on what an Executive Director would receive if performance was in line with the Company's expectations, which would result in the following scenario:

- Fixed pay is received;
- Annual bonus pays out at 77.5 per cent of total potential bonus award (i.e. 130 per cent of Base Salary for the CEO and 100 per cent of Base Salary for the CFO) for performance in line with expectations; and
- A PSP award with a face value of 200 per cent of base salary for the CEO and 175 per cent of base salary for the CFO (in line with the awards being granted to the Executive Directors in 2014), pays out at 50 per cent of maximum, being the appropriate threshold level of vesting.

Maximum

This is based on what an Executive Director would receive if performance was in line with the following scenario:

- Fixed pay is received;
- Full pay-out of annual bonus (i.e. 130 per cent of salary for the CEO, and 100 per cent of salary for the CFO); and
- A PSP award with a face value of 200 per cent for the CEO and 175 per cent of base salary for the CFO (in line with the awards being granted to the Executive Directors in 2014) pays out at 100 per cent of maximum.

It should be noted that, as required by the regulations, performance share plan awards are set out at face value, with no share price growth assumptions.

External Appointments

The Executive Directors are permitted to serve as Non-Executive Directors of other companies provided that their appointment has first been approved by the Chairman of the Board. The Board will review the time commitment of all outside appointments and ensure that it is satisfied that this will not negatively impact upon the executive's time commitment to Computacenter. The Executive Directors are allowed to retain their fees for such appointments.

Statement of consideration of employment considerations elsewhere in the Group

When setting executive remuneration, consideration is given to pay and employment conditions of employees of the Company and policies elsewhere in the Group. The average annual salary increase of Computacenter Executive Directors in 2013 was 0 per cent, compared to a possible increase of 5 per cent for full-time employees achieving a very high level of performance.

Whilst only Executive Directors and senior executives participate in the PSP plan, other full time employees in the UK and Germany can participate in the Group's All Employee SAYE scheme. This plan is not subject to performance conditions, but requires the employee to remain employed at the end of the term of the scheme which they have joined. This plan has been extremely successful, and is increasing in popularity amongst our employees, with take-up increased by 87 per cent in 2013.

There has additionally been a rise of 7.1 per cent in the base fee for Non-Executive Directors in 2014, which took place following a benchmarking exercise carried out by the Company's remuneration consultant, Mercer. Fees were previously increased in January 2012.

Whilst the Company has not formally consulted with employees when drawing up the Directors' Remuneration Policy, the Committee has considered any informal feedback received via employee staff surveys or other channels and updates provided to it by the Group HR Director, Barry Hoffman.

Statement of consideration of shareholders' views

The Remuneration Committee takes very seriously the view of shareholders when making any changes to executive remuneration arrangements. It continues to welcome shareholders' views on executive remuneration packages.

The Group consulted with its major shareholders during the second half of the year around its decision to include exceptional losses arising from the three onerous contracts in Germany, within the calculation for the vesting of PSP awards granted in 2011, which were due to vest in March 2014. As a result, there has been no PSP related vesting payout for the Executive Directors or the top levels of senior management in respect of that scheme.

The Chairman of the Board also met with a number of the Company's largest shareholders in December 2013, following which remuneration based feedback in respect of the Executive Directors was fed back to each of the Board and the Remuneration Committee.

Annual Remuneration report

Responsibilities of the Remuneration Committee

The key responsibilities of the Remuneration Committee are to determine on behalf of the Board:

- The Company's general policy on executive remuneration; and
- The specific remuneration packages of the Executive Directors, the Chairman of the Board and senior executives of the Company including, but not limited to, base salary, annual performance-related bonuses and long-term share incentive awards.

The fees of the Non-Executive Directors are determined by the Chairman and the Executive Directors. All Directors are subject to the overriding principle that no person shall be involved in the process of determining his or her own remuneration.

The full responsibilities of the Committee are contained within its terms of reference, which are available on our website at www.computacenter.com/investors.

Membership and attendance

The Remuneration Committee is made up of the Independent Non-Executive Directors and the Chairman of the Board, who was considered to be independent on appointment. Details of the membership of the Committee and attendance of the members at Committee meetings during the year, is provided below.

Member	Role	Attendance record
1. Brian McBride (Chairman)	Senior Independent Director	4/4
2. Ian Lewis	Non-Executive Director	2/2
3. Greg Lock	Non-Executive Director	4/4
4. John Ormerod	Non-Executive Director	4/4
5. Regine Stachelhaus	Non-Executive Director	2/2

The Chief Executive Officer attends meetings by invitation, as does the Group's Human Resources Director and Group Head of Financial Planning where financial information provided requires additional background or explanation to facilitate the considerations of the Committee. The Group Company Secretary is the secretary to the Committee.

The principal adviser to the Committee is Mercer, who was first selected by the Committee in 2010 by way of a tender process. During the year, Mercer provided advice to the Company in respect of the benchmarking of Director and Senior Management remuneration, and the contents of the Directors' Remuneration Committee report as set out on pages 56 to 70. The total fees paid by the Company to Mercer in 2013 in respect of this advice was £43,000. The Committee considers the advice that it receives from Mercer to be independent considering, amongst other things, that Mercer provided no other services to the Company during the year other than those outlined above. Mercer is a founder member of the Remuneration Committee Group, and adheres to its code.

The Committee considers comparative practice in the European technology sector, FTSE techmark 100 companies and FTSE 250 companies. However, such market data is used by the Committee to inform rather than drive policy and decision making.

Remuneration Committee report continued

Audited information

The audited tables and related notes are identified within this report, using an (A) key.

(A)

Single Figure of Total Remuneration

The total amount paid by the Company to each of the Directors, in respect of the financial years ending 31 December 2012 and 2013, is set out in the table below:

	Salary or fees £'000		Benefits £'000		Annual Bonus £'000		PSP Awards £'000		Pension £'000		Total £'000	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Executive												
Mike Norris	500.0	500.0	63.9 ³	29.4 ³	367.2	161.0	0 ⁴	385.3 ⁵	6.2	9.6	937.3	1,085.3
Tony Conophy	325.0	325.0	16.9	16.9	185.7	93.0	0 ⁴	243.4 ⁵	6.2	13.2	533.8	691.5
Non-Executive												
Greg Lock	160.0	160.0	–	–	–	–	–	–	–	–	160.0	160.0
Philip Hulme	42.0	42.0	–	–	–	–	–	–	–	–	42.0	42.0
Ian Lewis ¹	41.2	47.5	–	–	–	–	–	–	–	–	41.2	47.5
Brian McBride	56.0	56.0	–	–	–	–	–	–	–	–	56.0	56.0
Peter Ogden	42.0	42.0	–	–	–	–	–	–	–	–	42.0	42.0
John Ormerod	56.0	56.0	–	–	–	–	–	–	–	–	56.0	56.0
Regine Stachelhaus ²	23.5	–	–	–	–	–	–	–	–	–	23.5	–
Total (£'000)	1,245.7	1,228.5	80.8	46.3	552.9	254.0	0	628.7	12.4	22.8	1,891.8	2,180.3

1. Ian Lewis stepped down from the Board effective as of 2 September 2013.
2. Regine Stachelhaus was appointed to the Board on 1 July 2013.
3. Included within this benefits figure is the cost to the Company of providing a driver service for Mike Norris which he uses for business and personal use.
4. This relates to the 2011 LTIP awards, which were due to vest in March 2014 and had a performance period of 1 January 2011 to 31 December 2013. The relevant performance criteria was not achieved and therefore 0% of this award vested in each of the Executive Directors.
5. This calculation is based upon the value of a Computacenter plc share at the time of vesting.

Remuneration paid in 2013 – additional detail

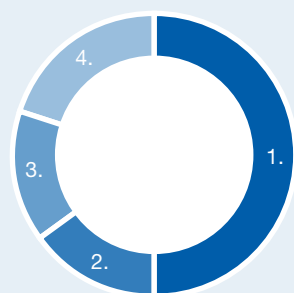
Base Salary

The annual salaries of the Executive Directors were unchanged in 2013.

Annual Bonus

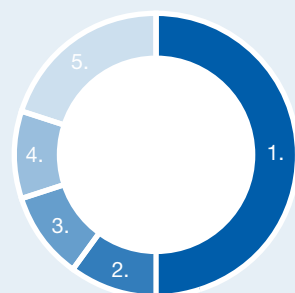
The bonus criteria applied for each of the Executive Directors during 2013, were as follows:

Mike Norris – CEO 2013



1. Profit – Group profit before tax (up to 50%)
2. Services contribution growth (up to 15%)
3. Average cash balance (up to 15%)
4. Personal objectives (up to 20%)

Tony Conophy – CFO 2013



1. Profit – Group profit before tax (up to 50%)
2. Services contribution growth (up to 10%)
3. Cost savings (up to 10%)
4. Average cash balance (up to 10%)
5. Personal objectives (up to 20%)

(A)

The table below sets out details of performance against the FY 2013 bonus targets:

Measure	As a percentage of Maximum Bonus Opportunity		Performance Required						Actual % achieved		Payout (£)	
			Threshold		On-Target		Maximum					
	CEO	CFO	CEO	CFO	CEO	CFO	CEO	CFO	CEO	CFO	CEO	CFO
Financial Criteria												
Group Profit Before Tax (£m)	50%	50%	15%	15%	32.5%	32.5%	50%	50%	18.2%	18.2%	109,200	54,600
Services Contribution Growth (£m)	15%	10%	7.5%	5%	15%	10%	15%	10%	13%	8.7%	78,000	26,100
Cash Balance (£m)	15%	10%	7.5%	5%	15%	10%	15%	10%	15%	10%	90,000	30,000
Cost Savings (£m)	–	10%	–	10%	–	10%	–	10%	–	10%	–	30,000
Non-Financial Criteria												
Personal Objectives	20%	20%	1%	1%	15%	15%	20%	20%	15%	15%	90,000	45,000
Total	100%	100%	31%	36%	77.5%	77.5%	100%	100%	61.2%	61.9%	367,200	185,700

As a result, 61.2 per cent of maximum bonus was paid to the CEO, and 61.9 per cent was paid to the CFO. The actual performance targets set at the beginning of the performance period are not disclosed as they are considered to remain commercially sensitive at this time. We will generally disclose these targets retrospectively at a time that the Committee considers that they are no longer commercially sensitive.

LTIPs/PSPs

There were no pay-outs pursuant to the 2011 PSP Scheme as the relevant performance criteria threshold was not reached due to an exceptional item being included within the calculation of performance. The performance criteria for these awards are set out in more detail within the table on page 66 of this report.

(A)

Share scheme interests awarded during the year

The table below details awards of conditional shares made during 2013 under the PSP scheme. The face value of the awards has been calculated based on the closing share price for the trading day immediately prior to the award date. The performance conditions for these awards are set out in more detail directly below.

	Scheme/Type of Award	Number of Shares	Face Value at time of grant	Performance Conditions Applied	Amount Vesting related to Threshold of Performance		Performance Period Set
					Threshold Performance (% of face value)	Maximum Performance (% of face value)	
Group CEO	PSP – nil cost option	227,273	£1,000,000	Compound growth of Company Earnings Per Share	25%	100%	3 financial years from 1 January 2013
Group CFO	PSP – nil cost option	129,261	£568,750	Compound growth of Company Earnings Per Share	25%	100%	3 financial years from 1 January 2013

Vesting of these awards to each Executive Director will be dependent upon the achievement of the performance measures over the performance period, as follows:

The compound annual growth rate of the Group's adjusted fully diluted earnings per share ('EPS')	
Performance level	Company EPS
Maximum	20%
In line with expectations	10%
Threshold	7.5%

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Executive Director Outstanding Share Awards as at 31 December 2013

Directors' Interests in Share Plans (Audited)

	Scheme	Note	Exercise/ share price	Exercise period/ Vesting period	At 1 January 2013	Granted during the year	Exercised during the year	Lapsed	At 31 December 2013
Mike Norris	Sharesave*	1	320.0p	01/12/14-31/05/15	4,859	–	–	–	4,859
	PSP	2	Nil	15/03/13-15/09/13	150,316	–	87,935	62,381	–
	PSP	3	Nil	17/03/14-16/03/21	224,586	–	–	–	224,586
	PSP	4	Nil	23/03/15-22/03/23	230,947	–	–	–	230,947
	PSP	5	Nil	03/05/16-02/05/24	–	227,273	–	–	227,273
Tony Conophy	Sharesave*	1	343.0p	01/12/17-31/05/17	4,373	–	–	–	4,373
	PSP	2	Nil	15/03/13-15/09/13	94,937	–	55,538	39,399	–
	PSP	3	Nil	17/03/14-16/03/21	124,113	–	–	–	124,113
	PSP	4	Nil	23/03/15-22/03/23	127,309	–	–	–	127,309
	PSP	5	Nil	03/05/16-02/05/24	–	129,261	–	–	129,261

1. Issued under the terms of the Computacenter Sharesave Plus Scheme, which is available to employees and full-time Executive Directors of the Computacenter Group. Eligible employees can save between £5 and £250 a month to purchase options in shares in Computacenter plc at a price fixed at the beginning of the scheme term. There are no conditions relating to the performance of the Company for this scheme.
 2. Issued under the terms of the Computacenter Performance Share Plan 2005. One-quarter of the shares will vest if cumulative annual EPS growth equals RPI plus 3 per cent per annum over the three consecutive financial years, starting on 1 January 2010 and ended on 31 December 2012, compared to the base year. Awarded shares will vest in full if cumulative annual EPS growth equals or exceeds RPI plus 7.5 per cent per annum. If cumulative annual growth in EPS is between 3 per cent and 7.5 per cent per annum above RPI, shares awarded will vest on a straight-line basis.
 3. Issued under the terms of the Computacenter Performance Share Plan 2005 as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2011 to 31 December 2013 (the 'Performance Period') equals 7.5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight-line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.
 4. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2012 to 31 December 2014 (the 'Performance Period') equals 7.5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight-line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.
 5. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2013 to 31 December 2015 (the 'Performance Period') equals 7.5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight-line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.
- * The Sharesave scheme only requires that an employee remains employed by the Group at the end of the term of the scheme. There are no other performance conditions attached.

Director Gains Performance Share Plan

Director	Date of vesting	Scheme	Number of shares	Exercise price	Market value at exercise	Gain on exercise
Mike Norris	03/05/2013	PSP	87,935	n/a	438.2p	£385,349
Tony Conophy	03/05/2013	PSP	55,538	n/a	438.2p	£243,378

The closing market price of an ordinary share at 31 December 2013 (being the last trading day of 2013) was 638.0 pence.

The highest price during the year was 674.5 pence and the lowest was 398.0 pence.

Minimum Shareholding Requirements

In accordance with the Group's minimum shareholding guidelines, the Chief Executive Officer is required to build up a shareholding that is equal to 200 per cent of his/her gross salary. In respect of the Chief Financial Officer, the threshold that is expected to be achieved is 100 per cent of his/her gross salary. It is additionally expected that the Executive Director will achieve these levels within three years of appointment. For the purposes of these requirements, options which have vested unconditionally, but are as yet unexercised, will be included on a net basis, for the purposes of calculating shareholdings, as will shares held by an Executive's spouse or dependants. There is no requirement for the Non-Executive Directors of the Company to hold shares.

(A)

Current Directors' Shareholdings

The beneficial interest of each of the Directors in the shares of the Company, as at 31 December 2013, is as follows:

Current Directors	Number of shares in the Company as at 31 December 2013	% of requirement achieved	Interests In Shares		
			SAYE	PSP	TOTAL
Mike Norris	1,288,939	1,644 ³	4,859 ¹	682,806 ²	1,976,604
Tony Conophy	2,025,177	3,975 ³	4,373 ¹	380,683 ²	2,410,233
Greg Lock	400,000	n/a	–	–	400,000
Philip Hulme	13,846,593	n/a	–	–	13,846,593
Ian Lewis	40,500	n/a	–	–	40,500
Brian McBride	–	n/a	–	–	–
Peter Ogden	31,802,071	n/a	–	–	31,802,071
John Ormerod	22,500	n/a	–	–	22,500
Regine Stachelhaus	–	n/a	–	–	–

Note: There have been no changes to this position as at 28 February 2014.

1. There are no conditions relating to the performance of the Company or individual for the vesting of this scheme.
2. There are performance conditions for this scheme as set out below the table on page 66.
3. Based on the Company's closing share price as at 28 February 2014.

Executive Directors are deemed to be interested in the unvested shares held by the Computacenter Employee Benefit Trust (3,065,133 ordinary shares held as at 31 December 2013) and the Computacenter Quest Trust (41,965 ordinary shares held as at 31 December 2013).

Dilution Limits

Computacenter uses a mixture of both new issue and market purchase shares to satisfy the vesting of awards made under its Option, PSP and Sharesave plans. In line with best practice, the use of new or treasury shares to satisfy awards made under all share schemes, is restricted to 10 per cent in any 10-year rolling period, with a further restriction for discretionary schemes of 5 per cent in the same period. As at the year-end, the potential dilution from awards under all share plans during that 10 year period was approximately 3.79 per cent and the potential dilution from awards under the discretionary schemes was approximately 1.38 per cent.

Payments to past Directors and Payments for Loss of Office

There have been no payments made to past Directors. Ian Lewis stood down as a Non-Executive Director of the Board during the year, but did not receive any payment for loss of office.

Remuneration Committee report continued

Executive service contracts

A summary of the Executive Directors' contracts of employment is given in the table below:

Director	Start Date	Expiry Date	Unexpired Term	Notice Period (months)
Mike Norris	23/04/1998	n/a	None specified	12
Tony Conophy	23/04/1998	n/a	None specified	12

All Executive Directors have a rolling 12-month service contract with the Company, which is subject to 12 months' written notice by either the Company or the Director.

External appointments

As is set out in the Remuneration Policy report from page 57, Executive Directors are permitted to hold outside directorships, subject to approval by the Chairman of the Board, and any such Executive Director is permitted to retain any fees paid for such services. During the year, Mike Norris served as a Non-Executive Director of Triage Holdings Limited and received a fee of £24,000.

Non-Executive Directors' letters of appointment

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, which may be renewed at that point for a further three-year term. The letters of appointment provide that should a Non-Executive Director not be re-elected at an AGM before he is due to retire, then his or her appointment will terminate. The Board has agreed that all Directors will be subject to re-election at the AGM on 15 May 2014, with the exception of Ms Regine Stachelhaus, who will be subject to election for the first time at that meeting.

The terms and conditions of appointment of the Non-Executive Directors are available for inspection by shareholders at the Company's registered office. The appointments continue until the expiry dates set out below, unless terminated for cause or on the period of notice stated below:

Director	Date of latest letter of appointment	Expiry Date	Notice Period
Greg Lock	13 May 2011	13 May 2014	3 months
Philip Hulme	2 May 2013	2 May 2016	3 months
Brian McBride	28 February 2014	28 February 2017	3 months
Peter Ogden	10 May 2013	10 May 2016	3 months
John Ormerod	13 May 2013	13 May 2016	3 months
Regine Stachelhaus	1 July 2013	1 July 2016	3 months

In 2014, the Chairman will be paid a single consolidated fee of £170,000. The Non-Executive Directors are paid a basic fee, plus additional fees for Chairmanship of Board Committees.

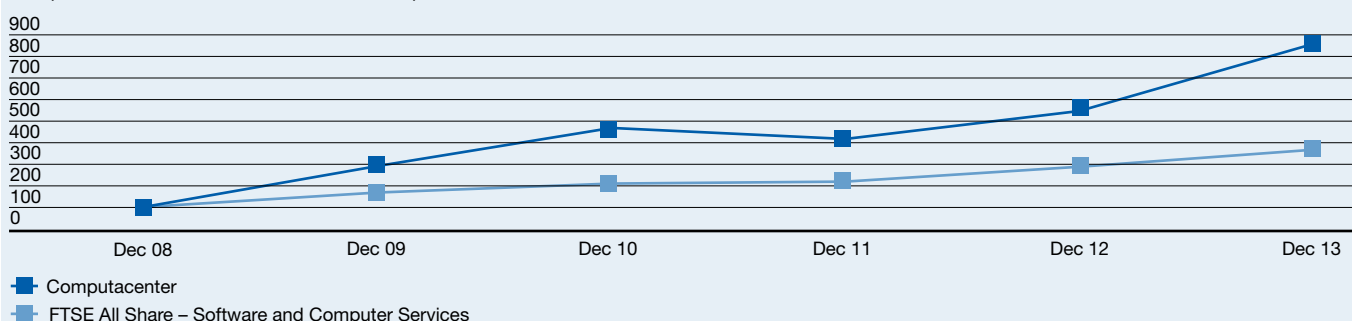
The annual rates of Non-Executive Directors' fees are shown in the table below. These are generally reviewed every two years and, therefore, the next scheduled review will be in January 2016:

Position	Annual Fees (£)
Non-Executive Director	45,000
Additional fee for the Chairmanship of the Audit Committee	14,000
Additional fee for the Chairmanship of the Remuneration Committee	8,000
Additional fee for the position of Senior Independent Director	6,000

Performance of the Company

Total Shareholder Return performance

Computacenter versus FTSE Software and Computer Services sector



CEO pay history

The table below shows the total remuneration figure for the CEO over the previous five financial years. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years. The annual bonus and LTIP percentages show the pay-out for each year as a percentage of the maximum.

	2009	2010	2011	2012	2013
CEO single figure of remuneration	1,407,034	1,910,675	1,878,675	1,085,300	937,300
Annual bonus pay-out (as % of maximum opportunity)	87%	98.5%	63.7%	26.8%	61.2%
Annual Bonus (£)	413,250	467,875	350,350	161,000	367,200
PSP vesting (as a % of maximum opportunity)	100%	100%	100%	58.5%	0%
PSP vesting (£)	489,235	938,201	997,351	385,355	0

Percentage change in remuneration of CEO and employees

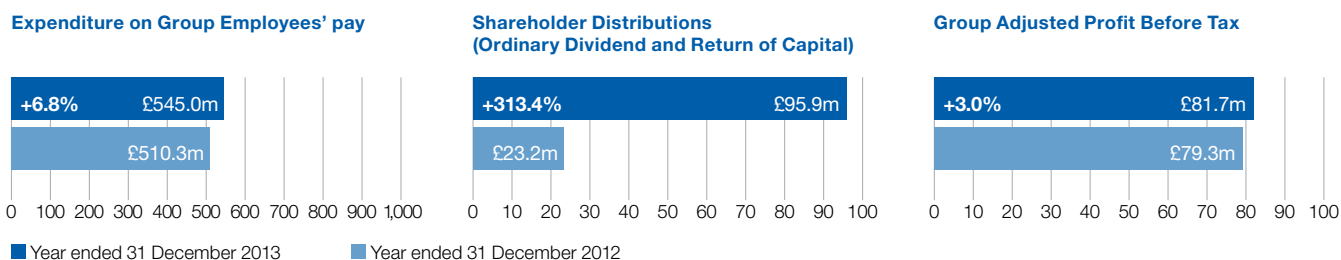
The table below sets out the percentage change in the salary, benefits and annual bonus of the Group CEO compared to the average amount paid to Computacenter employees in the UK, between the year ended 31 December 2012 and 31 December 2013.

	Salary	Benefits	Annual Bonus potential
Group CEO	0%	+117% ¹	0%
Computacenter UK based employees	-1.8%	+1.6%	-8.6%

¹ This relates to the increased cost of providing a driver service for Mike Norris, which he uses for both business and personal use. Mr Norris currently receives no other benefits from the Company.

Relative importance of spend on pay

The charts below show the relative expenditure of the Group on the pay of its employees, against certain other key financial indicators of the Group:



As well as information prescribed by the new remuneration reporting regulations, Group Adjusted Profit Before Tax has also been included as this is deemed to be a key performance indicator of the Company which is linked to the delivery of value to our shareholders.

Remuneration Committee report continued

Statement of implementation of remuneration policy in the following financial year

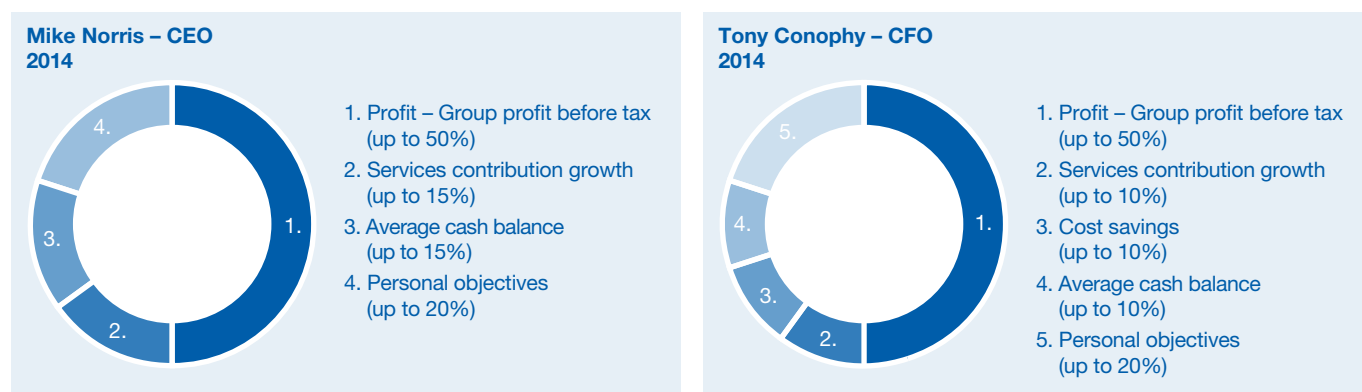
Executive Director Remuneration for 2014 will be in accordance with the terms of our Directors' Remuneration Policy, as set out on pages 57 to 62 of this report.

2014 Base Salaries

The base salaries of the CEO and CFO are not increasing in 2014.

2014 Annual Bonus Scheme

The performance measures and weightings for the 2014 Annual Bonus Scheme will be as follows:



The proposed levels for 2014 have been set to be challenging relative to our 2014 business plan. The targets themselves, as they relate to the 2014 financial year, are deemed by the Committee to be commercially sensitive and therefore have not been disclosed. To the extent that they are deemed to no longer be commercially sensitive, these targets will be included within our 2014 Annual Report on Remuneration.

2014 PSP Scheme

The award levels of Performance Shares for the Executive Directors in the 2014 financial year are 200 per cent of salary for the Chief Executive and 150 per cent of salary for the Chief Financial Officer. The 2014 financial year LTIP awards will be subject to the following performance conditions:

	Below Threshold (0% vesting)	Threshold Vesting (25% vesting)	On-target (50% vesting)	Maximum (100% vesting)
Absolute Growth of Company Earnings per Share	< than 7.5%	7.5%	10%	20%

In respect of the growth of Earnings per Share, awards will vest on a straight line between these points. These targets will require management to deliver a strong, sustainable performance over the period.

Statement of voting at 2013 AGM

The results of voting on the Directors' Remuneration report at the Company's 2013 AGM are outlined in the table below:

Votes cast in favour/discretionary		Votes cast against		Total votes cast		Votes Withheld	
122,995,677	99.33%	825,575	0.66%	123,821,252	80.4%	944	0.01%

The Committee is grateful for the continuing support of shareholders, and in order to ensure that this continues, the Committee will ensure that it consults with shareholders on major issues on which it feels it is appropriate to do so. It will also continue to adhere to its underlying principle of decision-making that Executive Director pay must be linked to performance and the sustainable delivery of value to our shareholders.

This Annual Remuneration report has been approved by the Board of Directors and signed on its behalf by:



Brian McBride

Chairman of the Remuneration Committee
10 March 2014

Directors' responsibilities

Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable company law and regulations and those International Financial Reporting Standards as adopted by the European Union. Under Company law, the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. The Directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and of the Group and the results and cash flows of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- 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 the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper and adequate accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Group and enable them to ensure that the accounts and the Directors' Remuneration report comply with the Companies Act 2006 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.

The Directors are responsible for the maintenance and integrity of the financial and corporate governance information as provided on the Computacenter plc website (www.computacenter.com).

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, 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 Group'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 Group's auditors are aware of that information.

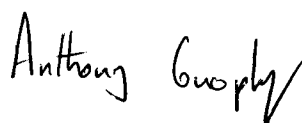
Directors' responsibility statement

- 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, the Company's Annual Report and Accounts include 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; and
- The Directors consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

The Annual Report from pages 1 to 71 was approved by the Board of Directors and authorised for issue on 10 March 2014 and signed for on behalf of the Board by:



Mike Norris
Chief Executive



Tony Conophy
Finance Director
10 March 2014

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 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 71, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

We identified the following risks that we believe to have the greatest impact on our audit strategy and scope; the allocation of resources in the audit; and directing the efforts of the engagement team:

- accounting for long-term contracts, including the timing of revenue recognition and the assessment of costs to complete on a percentage of completion contract, and loss-making contracts;
- the presentation of items as exceptional within the income statement;
- the assessment of the carrying value of goodwill and intangible assets in respect of the French operating segment;
- the implementation of the Group ERP system in France during the year; and
- the recognition and measurement of deferred taxation assets in France and Germany.

Our application of materiality

We applied the concept of materiality both in planning and performing our audit, and in evaluating the effects of misstatements on our audit and the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the Group to be £3.5 million, which is approximately 5% of profit before taxation and non-recurring exceptional items. On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgement is that overall performance materiality for the Group should be 75% of materiality, namely approximately £2.6 million. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our materiality of £3.5 million for the financial statements as a whole.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.2 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our Group audit focused on three operating locations which were subject to full scope audit for the year ended 31 December 2013. Together with the Group functions, which were also subject to a full scope audit for the year ending 31 December 2013, these locations represent the principal business units of the Group and account for 98 per cent of the Group's total assets, 96 per cent of the Group's revenue and 93 per cent of the Group's operating profit. Audits of these locations are performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

The Group audit team follows a programme of planned site visits, either meeting with the teams in the component locations or in which the component team attends meetings in the UK. This is designed to ensure that the Senior Statutory Auditor has direct contact with the full scope location teams on a regular basis.

The way in which we scoped our response to the risks identified above was as follows:

- we carried out testing over those controls supporting contract accounting and the recognition of revenue in respect of contract income. We read contracts and contract financial models and challenged management's assumptions on costs to complete, where appropriate. For a sample of contracts, we performed testing of revenue, analytical procedures and assessed whether the disclosure and selection of contract accounting policies complied with IFRS;
- we considered items classified as exceptional to ensure that they warranted the additional disclosure outlined in IAS 1 'Presentation of Financial Statements'.
- we challenged management's assumptions used in the impairment model for Computacenter France, described in note 15 to the financial statements, including specifically the cash flow projections, discount rates, perpetuity rates and sensitivities used;
- we tested processes and controls, both prior to and subsequent to the implementation of the Group IT system, in France and performed audit procedures on the cutover of data on introduction of an IT system;
- we considered the appropriateness of management's assumptions and estimates in relation to the likelihood of generating suitable future profits to support the recognition of deferred tax assets described in note 10, challenging those assumptions and considering supporting forecasts and estimates.

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 50, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Other matter

We have reported separately on the Parent Company financial statements of Computacenter plc for the year ended 31 December 2013 and on the information in the Directors' Remuneration Report that is described as having been audited.

Ernst & Young LLP

Nick Powell (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

10 March 2014

Consolidated income statement

For the year ended 31 December 2013

	Note	2013 £'000	Restated* 2012 £'000
Revenue	4	3,072,075	2,914,214
Cost of sales		(2,668,814)	(2,531,926)
Gross profit		403,261	382,288
Administrative expenses		(321,096)	(303,172)
Operating profit:			
Before amortisation of acquired intangibles and exceptional items		82,165	79,116
Amortisation of acquired intangibles		(2,375)	(2,608)
Onerous contracts		(15,739)	(8,029)
Non-cash impairment		(12,195)	–
Other exceptional items		(830)	(3,874)
Exceptional items	6	(28,764)	(11,903)
Operating profit		51,026	64,605
Finance revenue	8	1,351	1,971
Finance costs	9	(1,852)	(1,778)
Profit before tax:			
Before amortisation of acquired intangibles and exceptional items		81,664	79,309
Amortisation of acquired intangibles		(2,375)	(2,608)
Onerous contracts		(15,739)	(8,029)
Non-cash impairment		(12,195)	–
Other exceptional items		(830)	(3,874)
Exceptional items	6	(28,764)	(11,903)
Profit before tax		50,525	64,798
Income tax expense:			
Before amortisation of acquired intangibles and exceptional items		(19,325)	(17,461)
Tax on amortisation of intangibles		244	538
Tax on onerous contracts		1,889	883
Tax on non-cash impairment		1,014	–
Tax on other exceptional items		(700)	362
Tax on exceptional items	6	2,203	1,245
Exceptional tax items		(489)	–
Income tax expense	10	(17,367)	(15,678)
Profit for the year		33,158	49,120
Attributable to:			
Equity holders of the parent		33,160	49,121
Non-controlling interests		(2)	(1)
Profit for the year		33,158	49,120
Earnings per share			
– basic	11	23.2p	32.9p
– diluted	11	23.0p	32.4p

* Certain amounts here do not correspond to the annual consolidated financial statements as at 31 December 2012, and reflect reclassifications which restate prior financial information in respect of three onerous contracts as detailed further in notes 3 and 6.

Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Profit for the year:		33,158	49,120
<i>Items that may be reclassified to profit or loss:</i>			
(Loss)/gain arising on cash flow hedge	23	(1,403)	494
Income tax effect		326	(120)
		(1,077)	374
Exchange differences on translation of foreign operations		4,326	(5,311)
Other comprehensive income for the year, net of tax		3,249	(4,937)
Total comprehensive income for the period		36,407	44,183
Attributable to:			
Equity holders of the parent		36,407	44,182
Non-controlling interests		–	1
		36,407	44,183

Consolidated balance sheet

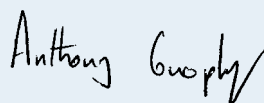
As at 31 December 2013

	Note	2013 £'000	2012 £'000
Non-current assets			
Property, plant and equipment	13	89,044	100,696
Intangible assets	14	98,870	104,612
Investment in associate	16	45	575
Deferred income tax asset	10	15,172	14,385
		203,131	220,268
Current assets			
Inventories	18	58,618	67,782
Trade and other receivables	19	667,722	573,661
Prepayments		61,579	46,250
Accrued income		53,140	58,029
Forward currency contracts	23	–	30
Current asset investment		–	10,000
Cash and short-term deposits	20	91,098	138,149
		932,157	893,901
Total assets		1,135,288	1,114,169
Current liabilities			
Trade and other payables	21	604,945	527,539
Deferred income		115,986	128,540
Financial liabilities	22	8,147	9,117
Forward currency contracts	23	2,360	584
Income tax payable		10,239	3,778
Provisions	25	6,005	4,373
		747,682	673,931
Non-current liabilities			
Financial liabilities	22	11,540	10,406
Provisions	25	10,449	6,455
Other non-current liabilities		–	–
Deferred income tax liabilities	10	947	1,034
		22,936	17,895
Total liabilities		770,618	691,826
Net assets		364,670	422,343
Capital and reserves			
Issued capital	28	9,271	9,234
Share premium	28	4,362	3,769
Capital redemption reserve	28	74,963	74,957
Own shares held	28	(11,976)	(13,848)
Foreign currency translation reserve	28	6,649	2,325
Retained earnings		281,388	345,893
Shareholders' equity		364,657	422,330
Non-controlling interests		13	13
Total equity		364,670	422,343

Approved by the Board on 10 March 2014



MJ Norris
Chief Executive



FA Conophy
Finance Director

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Attributable to equity holders of the parent						Non-controlling interests £'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	Total £'000	
At 1 January 2013	9,234	3,769	74,957	(13,848)	2,325	345,893	422,330	13 422,343
Profit for the year	–	–	–	–	–	33,160	33,160	(2) 33,158
Other comprehensive income	–	–	–	–	4,324	(1,077)	3,247	2 3,249
Total comprehensive income	–	–	–	–	4,324	32,083	36,407	– 36,407
Cost of share-based payments	–	–	–	–	–	1,070	1,070	– 1,070
Tax on share-based payment transactions	–	–	–	–	–	126	126	– 126
Exercise of options	28	1,194	–	1,872	–	(1,872)	1,222	– 1,222
Bonus issue	15	(15)	–	–	–	–	–	– –
Expenses on bonus issue	–	(586)	–	–	–	–	(586)	– (586)
Redemption of shares	(6)	–	6	–	–	–	–	– –
Return of Value	–	–	–	–	–	(73,115)	(73,115)	– (73,115)
Equity dividends	–	–	–	–	–	(22,797)	(22,797)	– (22,797)
At 31 December 2013	9,271	4,362	74,963	(11,976)	6,649	281,388	364,657	13 364,670
At 1 January 2012	9,233	3,717	74,957	(10,962)	7,638	319,152	403,735	12 403,747
Profit for the year	–	–	–	–	–	49,121	49,121	(1) 49,120
Other comprehensive income	–	–	–	–	(5,313)	374	(4,939)	2 (4,937)
Total comprehensive income	–	–	–	–	(5,313)	49,495	44,182	1 44,183
Cost of share-based payments	–	–	–	–	–	2,176	2,176	– 2,176
Tax on share-based payment transactions	–	–	–	–	–	216	216	– 216
Exercise of options	1	52	–	1,933	–	(1,933)	53	– 53
Purchase of own shares	–	–	–	(4,819)	–	–	(4,819)	– (4,819)
Equity dividends	–	–	–	–	–	(23,213)	(23,213)	– (23,213)
At 31 December 2012	9,234	3,769	74,957	(13,848)	2,325	345,893	422,330	13 422,343

Consolidated cash flow statement

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Operating activities			
Profit before taxation		50,525	64,798
Net finance income		501	(193)
Depreciation	13	22,735	24,337
Amortisation	14	9,676	9,573
Impairment of intangible assets		12,195	–
Share-based payments		1,070	2,176
(Profit)/loss on disposal of property, plant and equipment		(215)	363
Loss on disposal of intangibles		642	184
Decrease in inventories		10,596	27,477
Increase in trade and other receivables		(94,982)	(49,061)
Increase in trade and other payables		52,997	14,647
Increase in customer contract provisions		7,443	2,108
Other adjustments		(456)	74
Cash generated from operations		72,727	96,483
Income taxes paid		(9,624)	(13,111)
Net cash flow from operating activities		63,103	83,372
Investing activities			
Interest received		1,741	1,926
Decrease in current asset investment		10,000	–
Acquisition of subsidiaries, net of cash acquired	17	–	(1,754)
Increase investment in associate	16	–	(100)
Proceeds from sale of property, plant and equipment		921	1,074
Purchases of property, plant and equipment		(9,609)	(22,906)
Purchases of intangible assets		(15,544)	(8,981)
Net cash flow from investing activities		(12,491)	(30,741)
Financing activities			
Interest paid		(2,663)	(1,929)
Dividends paid to equity shareholders of the parent	12	(22,797)	(23,213)
Return of Value		(73,115)	–
Expenses on Return of Value		(586)	–
Proceeds from share issues		1,222	53
Purchase of own shares		–	(4,819)
Repayment of capital element of finance leases		(8,066)	(9,201)
Repayment of loans		(2,766)	(2,353)
New borrowings		9,267	1,577
Net cash flow from financing activities		(99,504)	(39,885)
(Decrease)/increase in cash and cash equivalents		(48,892)	12,746
Effect of exchange rates on cash and cash equivalents		1,755	(2,059)
Cash and cash equivalents at the beginning of the year	20	137,471	126,784
Cash and cash equivalents at the year-end	20	90,334	137,471

Notes to the consolidated financial statements

For the year ended 31 December 2013

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 10 March 2014. 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 2013 and applied in accordance with the Companies Act 2006.

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 for 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.

Non-controlling 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 except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Except as noted below, adoption of these standards did not have any effect on the financial performance or position of the Group. They may however give rise to additional disclosures. The other pronouncements which came into force during the year were not relevant to the Group:

IFRS 12: Disclosure of interests in other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. This amendment has had no effect on the Group's financial position, performance or its disclosures.

IFRS 13: Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on cash flow hedges) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

2 Summary of significant accounting policies continued

IAS 1 Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at 1 January 2012 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance.

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. The policy on recognition of contractual services revenue explains how any losses on contracts are accounted for;
- 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;
- the estimate of the value of the contingent consideration payable on acquisitions where that consideration is based on future performance or conditions;
- 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 10 and 15 to the financial statements.

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 derecognition 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.

2 Summary of significant accounting policies continued

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	5 years
Existing customer relationships	10 years
Tools and technology	7 years

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 are accounted for under IFRS 3 (Revised) 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. 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.

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.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. As the Group has no assets carried at revalued amounts, such reversal is recognised in the income statement.

2 Summary of significant accounting policies *continued*

Investment in associates

The Group's interests in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method.

Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less distributions received and less any impairment in value of individual investments. The Group income statement reflects the share of the associate's results after tax. Where there has been a change recognised in other comprehensive income of the associate, the Group recognises its share of any such change in the Group statement of other comprehensive income.

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.

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.

The subsequent measurement of financial assets depends on their classification as described in each category below.

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.

Current asset investments

Current asset investments comprise deposits held for a term of greater than three months from the date of deposit and which is not available to the Group on demand. Subsequent to initial measurement, current asset investments are measured at fair value.

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 short-term deposits as defined above, net of outstanding bank overdrafts.

Financial liabilities

Financial liabilities are initially recognised at their fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification as described in each category below.

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.

Derecognition 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 derecognised where:

- the rights to receive cash flows from the asset have expired; or
- 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.

2 Summary of significant accounting policies continued

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments and hedge accounting

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for as follows: the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement in other operating expenses. The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion is recognised in other operating income.

Amounts recognised as other comprehensive income are transferred to the income statement, within other operating expenses, when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised.

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.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are addressed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement within other operating expenses. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until after the forecast transaction or firm commitment affects profit or loss.

Any other gains or losses arising from changes in fair value on forward contracts are taken directly to other operating expenses in 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 (€), US dollar (US\$), South African rand (ZAR) and Swiss franc (CHF). 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. Exchange differences arising on the retranslation are recognised in the consolidated statement of comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in the consolidated statement of comprehensive income 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.

2 Summary of significant accounting policies *continued*

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.

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 the statement of comprehensive income if it relates to items that are credited or charged to the statement of comprehensive income. Otherwise income tax is recognised in the income statement.

Sales tax

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

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax 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 sales tax included.

The net amount of sales tax 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 or receivable, 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:

Supply Chain

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. 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 the total estimated costs and revenues of a contract cannot be reliably estimated, revenue is recognised only to the extent that costs have been incurred. A provision is made as soon as a loss is foreseen.

Contractual Services

Contractual Services revenue includes revenue from Support Services and Managed Services contracts, and is recognised as services are delivered. 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 Contractual Services contracts revenue is recognised on a percentage of completion basis which is determined by reference to the costs incurred as a proportion of the total estimated costs of the contract. Unbilled revenue is recognised within accrued income. If a contract cannot be reliably estimated, revenue is restricted to the extent that costs have been incurred.

2 Summary of significant accounting policies continued

If the performance of one of these limited number of contracts results in a margin that was less than anticipated at the time that it was agreed then the future financial performance of that contract will be reviewed in detail. If, after further customer negotiation and financial analysis the full financial consequence of the contract can be reliably estimated, and it is determined that the contract is loss-making, then the best estimate of the losses expected to be incurred until the end of the contract will be provided for.

Where a contract contains several elements, the individual elements are accounted for separately where appropriate and revenue thereon is measured at the fair value of the consideration received.

Finance income

Income is recognised as interest accrues.

Dividends

Dividend income 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.

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 29. In valuing equity-settled transactions, no account is taken of any performance conditions as none of the conditions set are market-related ones.

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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 11).

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 28).

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 Restatement of 2012 results

The rapid growth of our Services business in Germany during the fourth quarter of 2011, coupled with insufficient contractual governance procedures in place within our German business at that time has resulted in a number of Managed Services contracts failing to achieve the margins anticipated at the time they were agreed.

Actions taken in response to these issues, including a full review of our governance procedures, have had a positive effect, helping to stabilise the business and turnaround a number of operational issues. However, the Group has determined that three of these contracts, following further customer negotiation and extensive financial analysis, will be loss-making over the course of their remaining life.

The Group has therefore held an exceptional one-off provision of £7.5 million representing our best estimate of the losses expected to be incurred between 2013 and the end of the three contracts.

In order to give investors a clearer picture of the past performance of the business, the Group has reclassified trading losses and provisions previously incurred on these three onerous contracts in 2012 as exceptional items, and has accordingly restated its 2012 results for the German segment and the Group as a whole results, as follows:

Year ended 31 December 2012

Total Group in £'000	As reported in 2012			Restated in 2013			
	Onerous German Contracts			Rest of Group	Group	Reclass-ification	Group
	Trading losses	Provision for future losses	Total				
Turnover	15,427	–	15,427	2,898,787	2,914,214	–	2,914,214
Cost of Sales	(21,348)	(2,108)	(23,456)	(2,517,571)	(2,541,027)	8,029	(2,532,998)
Adjusted Gross Profit	(5,921)	(2,108)	(8,029)	381,216	373,187	8,029	381,216
Administrative expenses	–	–	–	(303,172)	(303,172)	–	(303,172)
Adjusted Operating Profit	(5,921)	(2,108)	(8,029)	78,044	70,015	8,029	78,044
Adjusted net interest	–	–	–	1,265	1,265	–	1,265
Adjusted Profit before tax	(5,921)	(2,108)	(8,029)	79,309	71,280	8,029	79,309
Exceptional Items	–	–	–	(3,874)	(3,874)	(8,029)	(11,903)
Intangibles amortisation	–	–	–	(2,608)	(2,608)	–	(2,608)
Statutory Profit before tax	(5,921)	(2,108)	(8,029)	72,827	64,798	–	64,798

Adjusted gross profit and adjusted operating profit for the Group that is shown in the segment information note includes interest on CSF of £1,072,000 that is reported in finance costs on the consolidated income statement.

Germany segment in £'000	As reported in 2012			Restated in 2013			
	Onerous German Contracts			Rest of Germany Segment	Germany Segment	Reclass-ification	Germany Segment
	Trading losses	Provision for future losses	Total				
Turnover	15,427	–	15,427	1,178,369	1,193,796	–	1,193,796
Cost of Sales	(21,348)	(2,108)	(23,456)	(1,033,348)	(1,056,804)	8,029	(1,048,775)
Adjusted Gross Profit	(5,921)	(2,108)	(8,029)	145,021	136,992	8,029	145,021
Administrative expenses	–	–	–	(125,356)	(125,356)	–	(125,356)
Adjusted Operating Profit	(5,921)	(2,108)	(8,029)	19,665	11,636	8,029	19,665
Adjusted net interest	–	–	–	228	228	–	228
Adjusted Profit before tax	(5,921)	(2,108)	(8,029)	19,893	11,864	8,029	19,893
Exceptional Items	–	–	–	(1,484)	(1,484)	(8,029)	(9,513)
Intangibles amortisation	–	–	–	(1,194)	(1,194)	–	(1,194)
Statutory Profit before tax	(5,921)	(2,108)	(8,029)	17,215	9,186	–	9,186

Notes to the consolidated financial statements continued

4 Segment information

For management purposes, the Group is organised into geographical segments, with each segment 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.

No operating segments have been aggregated to form the below reportable operating segments.

Management monitors the operating results of its geographical segments separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on adjusted operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements. Adjusted operating profit or loss takes account of the interest paid on customer-specific financing ('CSF') which management consider to be a cost of sale. Excluded from adjusted operating profit is the amortisation of acquired intangibles and exceptional items as management do not consider these items when reviewing the underlying performance of a segment.

Restatement of prior year comparative information

Included within exceptional items in the German segment results in 2012 are losses and provisions incurred in relation to three onerous contracts that were previously classified within operating profit. Further details of the restatement have been provided within note 3.

Segmental performance for the years ended 31 December 2013 and 2012 was as follows:

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Year ended 31 December 2013					
Revenue					
Supply Chain revenue	828,097	859,404	389,517	29,195	2,106,213
Services revenue					
Professional Services	113,102	104,446	20,794	3,716	242,058
Contractual Services	344,930	307,592	56,008	15,274	723,804
Total Services revenue	458,032	412,038	76,802	18,990	965,862
Total revenue	1,286,129	1,271,442	466,319	48,185	3,072,075
Results					
Adjusted gross profit	200,097	158,051	38,320	6,006	402,474
Administrative expenses	(143,926)	(127,403)	(45,603)	(4,164)	(321,096)
Adjusted operating profit/(loss)	56,171	30,648	(7,283)	1,842	81,378
Adjusted net interest	791	173	(561)	(117)	286
Adjusted profit/(loss) before tax	56,962	30,821	(7,844)	1,725	81,664
Exceptional items:					
– onerous contracts	–	(15,739)	–	–	(15,739)
– impairment of intangibles	–	–	(12,195)	–	(12,195)
– exceptional items	3,466	(3,105)	(1,191)	–	(830)
	3,466	(18,844)	(13,386)	–	(28,764)
Amortisation of acquired intangibles	(792)	(1,225)	(242)	(116)	(2,375)
Statutory profit/(loss) before tax	59,636	10,752	(21,472)	1,609	50,525
Other segment information					
Capital expenditure:					
Property, plant and equipment	5,556	3,927	1,275	85	10,843
Software	14,883	597	64	–	15,544
Depreciation	11,658	8,850	2,111	116	22,735
Amortisation of software	6,516	816	132	1	7,464
Share-based payments	838	(2)	234	–	1,070

4 Segment information continued

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Year ended 31 December 2012 (restated)					
Revenue					
Supply Chain revenue	764,215	801,447	405,432	34,490	2,005,584
Services revenue					
Professional Services	104,308	89,602	23,897	2,447	220,254
Contractual Services	327,124	302,747	49,977	8,528	688,376
Total Services revenue	431,432	392,349	73,874	10,975	908,630
Total revenue	1,195,647	1,193,796	479,306	45,465	2,914,214
Results					
Adjusted gross profit	183,915	145,020	47,297	4,984	381,216
Administrative expenses	(131,686)	(125,356)	(43,033)	(3,097)	(303,172)
Adjusted operating profit	52,229	19,664	4,264	1,887	78,044
Adjusted net interest	1,439	228	(327)	(75)	1,265
Adjusted profit before tax	53,668	19,892	3,937	1,812	79,309
Exceptional items:					
– onerous contracts	–	(8,029)	–	–	(8,029)
– exceptional costs	(364)	(1,484)	(2,026)	–	(3,874)
	(364)	(9,513)	(2,026)	–	(11,903)
Amortisation of acquired intangibles	(481)	(1,194)	(933)	–	(2,608)
Statutory profit before tax	52,823	9,185	978	1,812	64,798
Other segment information					
Capital expenditure:	11,311	6,992	10,622	12	28,937
Property, plant and equipment	–	–	–	1,930	1,930
Software	7,803	1,022	156	–	8,981
Depreciation	14,258	8,601	1,418	60	24,337
Amortisation of software	5,838	1,024	103	–	6,965
Share-based payments	1,613	522	41	–	2,176

Information about major customers

Included in revenues arising from the UK segment are revenues of approximately £280 million (2012: £279 million) which arose from sales to the Group's largest customer. For the purposes of this disclosure a single customer is considered to be a group of entities known to be under common control. This customer consists of entities under control of the UK Government, and includes the Group's revenues with central government, local government and certain government-controlled banking institutions.

Notes to the consolidated financial statements continued

5 Group operating profit

This is stated after charging/(crediting):

	2013 £'000	2012 £'000
Auditor's remuneration:		
Audit of the financial statements	437	380
Audit of subsidiaries	64	43
Total audit fees	501	423
Audit related assurance services	41	40
Taxation compliance services	34	33
Taxation advisory services	67	49
Total non-audit services	142	122
Total fees	643	545
Depreciation of property, plant and equipment	22,735	24,337
Loss on disposal of property, plant and equipment	(238)	363
Loss on disposal of intangible assets	745	184
Impairment of acquired intangibles	12,195	–
Amortisation of software	7,464	6,965
Amortisation of other intangible assets	2,212	2,608
Net foreign currency differences	271	(114)
Costs of inventories recognised as an expense	1,878,999	1,787,006
Operating lease payments – minimum lease payments	32,768	33,432

6 Exceptional items

	2013 £'000	2012 £'000
Operating profit		
Onerous contracts	(15,739)	(8,029)
Impairment of acquired intangible assets	(12,195)	–
Redundancy and other restructuring costs	(4,291)	(1,484)
Impairment of investment in associate	(539)	–
Services contracts re-valuation	4,000	–
Costs in relation to relocation of premises	–	(2,390)
	(28,764)	(11,903)
Income tax		
Tax on onerous contracts included in operating profit	1,889	883
Tax on impairment of acquired intangible assets	1,014	–
Tax on exceptional items included in operating profit	(700)	362
Total tax on exceptional items	2,203	1,245
Exceptional tax items		
– Deferred tax asset in respect of France	(2,184)	–
– Tax credit in relation to prior year R&D claim	1,695	–
	1,714	1,245
Exceptional items after taxation	(27,050)	(10,658)

6 Exceptional items continued

Included within the current year are the following exceptional items:

In Germany three managed service contracts have been identified as onerous. A £2.1 million provision was made in December 2012 for these contracts. A provision for estimated future losses of £7.5 million was held as at December 2013. This further provision has been classified as an exceptional item due to its size and nature and the 2012 result has been restated to be consistent.

Included within the German segment results in 2012 and 2013 are losses incurred in relation to these onerous contracts. In order to provide a clearer understanding of the performance of the remainder of the business, losses previously recognised within the German operating result for these contracts have now been reclassified within exceptional items. In 2012 trading losses of £5.9 million were incurred on revenues of £15.4 million. In 2013 trading losses of £8.2 million have been incurred on turnover of £23.0 million.

The deterioration in the performance of Computacenter France has led to an assessment of their non-current assets. It has been concluded that the forecasted cash flows for the French cash-generating unit do not fully support the value of non-current assets in the business. This has resulted in an impairment of £12.2 million of intangible assets in the French cash-generating unit.

During 2013 Computacenter Germany continued its programme, from late 2012, to reduce its net operating expenses. As a result, redundancy costs of £3.1 million were incurred during the year which, due to their size and nature, have been included within exceptional items.

Similarly, Computacenter France has begun a programme to also reduce its SG&A and restructure its business and senior management in line with the Group Operating Model. Redundancy related expenses of £1.2 million have been included in the 2013 result.

Due to the continued adverse performance of our equity accounted associate, ICS Solutions Limited, we have decided to fully impair the £0.5 million recorded value of our investment.

As part of our normal processes, we have carried out a detailed evaluation of other long-term Services contracts across the Group. As a result of this on-going evaluation, management have calculated that a positive change in certain estimates has resulted in a one-off gain of £4.0 million. Due to the nature of the change in the estimates, and the size of the gain, it has been decided to highlight this as an exceptional item. This is consistent with the treatment of the previously identified onerous contracts and will provide a fairer and more balanced understanding of our underlying growth in profitability.

During the year a deferred tax asset relating to losses carried forward in France has been written off for £2.2 million.

Tax relief from prior period Research and Development project spend on the Group ERP platforms has resulted in prior year adjustment credited in the statutory tax charge for year. Due to the timing, materiality and one-off nature of this relief, it has been decided to classify it an exceptional tax item.

Included within the prior year are the following exceptional items:

During the year, Computacenter France consolidated its operations in a new office and began the move to a new warehouse. In January 2013, RDC relocated to new premises in Braintree. The one-off costs in relation to the relocation of these premises of £2.4 million that have been disclosed as an exceptional item relate principally to:

- operating lease rental expense charged on new properties during the fit-out period and prior to occupation;
- redundancy costs paid as a result of the relocation; and
- rental expense related to legacy properties once they had been vacated.

In the second half of 2012, Computacenter Germany undertook a programme to reduce its net operating expenses by approximately £1.2 million annually. The related redundancy expenses of £1.5 million, due to their size and nature, have been included within exceptional items.

The income statement impact of both items has been shown as an exceptional tax item.

7 Staff costs and Directors' emoluments

	2013 £'000	2012 £'000
Wages and salaries	544,954	510,349
Social security costs	85,908	80,607
Share-based payments	1,070	2,176
Pension costs	20,069	19,256
	652,001	612,388

Share-based payments arise from transactions accounted for as equity-settled share-based payment transactions.

Notes to the consolidated financial statements continued

7 Staff costs and Directors' emoluments continued

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

	2013 No.	2012 No.
UK	5,385	5,286
Germany	5,093	5,126
France	1,856	1,752
Belgium	257	178
	12,591	12,342

8 Finance income

	2013 £'000	2012 £'000
Bank interest receivable	1,340	1,504
Other interest received	11	467
	1,351	1,971

9 Finance costs

	2013 £'000	2012 £'000
Bank loans and overdrafts	627	318
Finance charges payable on customer specific financing	787	1,072
Other interest	438	388
	1,852	1,778

10 Income tax

a) Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Tax charged in the income statement		
Current income tax		
UK corporation tax		
– operating result	14,395	14,914
– exceptional items	(891)	(94)
Total UK corporation tax	13,504	14,820
Foreign tax		
– operating result	5,031	3,988
– exceptional items	(1,994)	(651)
Total foreign tax	3,037	3,337
Adjustments in respect of prior periods	(509)	(2,952)
Total current income tax	16,032	15,205
Deferred tax		
Operating result		
– origination and reversal of temporary differences	139	(1,466)
– adjustments in respect of prior periods	25	2,171
Exceptional items	1,171	(232)
Total deferred tax	1,335	473
Tax charge in the income statement	17,367	15,678

10 Income tax continued

b) Reconciliation of the total tax charge

	2013 £'000	2012 £'000
Accounting profit before income tax	50,525	64,798
At the UK standard rate of corporation tax of 23.25 per cent (2012: 24.5 per cent)	11,747	15,876
Expenses not deductible for tax purposes	802	1,885
Non-deductible element of share-based payment charge	54	211
Adjustments in respect of current income tax of previous periods	(485)	(1,274)
Higher tax on overseas earnings	1,511	276
Other differences	766	(549)
Effect of changes in tax rate on deferred tax	(262)	(140)
Utilisation of previously unrecognised deferred tax assets	(3,169)	(2,098)
Exceptional changes in recoverable amounts of deferred tax assets	2,185	–
Tax on impairment of acquired intangible assets	(1,014)	–
Overseas tax not based on earnings	1,554	1,491
Tax credit in relation to prior year R&D claim	(1,695)	–
Deferred tax not recognised on current year losses	5,373	–
At effective income tax rate of 34.4 per cent (2012: 24.2 per cent)	17,367	15,678

c) Tax losses

Deferred tax assets of £13.5 million (2012: £15.7 million) have been recognised in respect of losses carried forward.

In addition, at 31 December 2013, there were unused tax losses across the Group of £125.4 million (2012: £115.5 million) for which no deferred tax asset has been recognised. Of these losses, £54.5 million (2012: £61.6 million) arise in Germany and £67.6 million (2012: £50.6 million) arise in France. A significant proportion of the losses arising in Germany 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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Deferred income tax liabilities				
Accelerated capital allowances	1,970	2,486	258	(680)
Effect of changes in tax rate on opening liability	–	–	267	(219)
Amortisation of intangibles	1,354	2,334	1,277	(440)
Arising on acquisition	–	255	–	–
Gross deferred income tax liabilities	3,324	5,075		
Deferred income tax assets				
Relief on share option gains	1,142	1,100	(55)	(42)
Other temporary differences	2,501	1,605	1,562	1,911
Effect of changes in tax rate on opening asset	–	–	(109)	–
Revaluations of foreign exchange contracts to fair value	326	6	320	59
Losses available for offset against future taxable income	13,580	15,715	(2,185)	(116)
Gross deferred income tax assets	17,549	18,426		
Deferred income tax charge			1,335	473
Net deferred income tax asset	14,225	13,351		
Disclosed on the balance sheet				
Deferred income tax asset	15,172	14,385		
Deferred income tax liability	(947)	(1,034)		
Net deferred income tax asset	14,225	13,351		

Notes to the consolidated financial statements continued

10 Income tax continued

At 31 December 2013, there was no recognised or unrecognised deferred income tax liability (2012: £nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group expects that future remittances of earnings from its overseas subsidiaries will be covered by the UK dividend exemption.

e) Impact of rate change

The main rate of UK Corporation will be reduced to 21 per cent from 1 April 2014 and to 20 per cent from 1 April 2015, as enacted in the Finance Act 2013. Deferred tax has been restated accordingly in these financial statements.

11 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 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) 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.

	2013 £'000	Restated 2012 £'000
Profit attributable to equity holders of the parent	33,160	49,121
Amortisation of acquired intangibles	2,375	2,608
Tax on amortisation of acquired intangibles	(244)	(538)
Exceptional items within operating profit	28,764	11,903
Tax on exceptional items included in operating profit	(2,203)	(1,245)
Exceptional tax items	489	—
Profit before amortisation of acquired intangibles and exceptional items	62,341	61,849

	2013 000's	2012 000's
Basic weighted average number of shares (excluding own shares held)	142,665	149,387
Effect of dilution:		
Share options	1,428	2,179
Diluted weighted average number of shares	144,093	151,566

	2013 pence	Restated 2012 pence
Basic EPS	23.2	32.9
Diluted EPS	23.0	32.4
Adjusted basic EPS	43.7	41.4
Adjusted diluted EPS	43.3	40.8

12 Dividends paid and proposed

	2013 £'000	2012 £'000
Declared and paid during the year:		
Equity dividends on Ordinary Shares:		
Final dividend for 2012: 10.5 pence (2011: 10.5 pence)	15,759	15,725
Interim dividend for 2013: 5.2 pence (2012: 5.0 pence)	7,038	7,488
	22,797	23,213

Proposed (not recognised as a liability as at 31 December)

Equity dividends on Ordinary Shares:		
Final dividend for 2013: 12.3 pence (2012: 10.5 pence)	16,706	15,589

13 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 2012	78,034	21,279	154,063	253,376
Additions	–	2,990	25,947	28,937
Acquisition of subsidiary undertaking	–	2	94	96
Disposals	–	(351)	(15,017)	(15,368)
Foreign currency adjustment	(30)	(515)	(1,817)	(2,362)
At 31 December 2012	78,004	23,405	163,270	264,679
Additions	–	2,786	8,057	10,843
Disposals	–	(865)	(12,907)	(13,772)
Foreign currency adjustment	(5)	(92)	(503)	(600)
At 31 December 2013	77,999	25,234	157,917	261,150
Accumulated depreciation and impairment				
At 1 January 2012	30,966	10,695	113,454	155,115
Provided during the year	2,224	3,017	19,096	24,337
Disposals	–	(327)	(13,604)	(13,931)
Foreign currency adjustment	(3)	(462)	(1,073)	(1,538)
At 31 December 2012	33,187	12,923	117,873	163,983
Provided during the year	2,241	3,175	17,319	22,735
Disposals	(400)	(776)	(11,890)	(13,066)
Foreign currency adjustment	(1)	(1,709)	164	(1,546)
At 31 December 2013	35,027	13,613	123,466	172,106
Net book value				
At 31 December 2013	42,972	11,621	34,451	89,044
At 31 December 2012	44,817	10,842	45,397	100,696
At 1 January 2012	47,068	10,584	40,609	98,261

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	
	2013 £'000	2012 £'000
Cost		
At 1 January	76,097	78,271
Additions	1,235	6,732
Disposals	(2,922)	(8,205)
Foreign currency adjustment	561	(701)
At 31 December	74,971	76,097
Accumulated depreciation and impairment		
At 1 January	60,003	57,356
Charge for year	6,647	9,782
Disposals	(3,036)	(6,879)
Foreign currency adjustment	171	(256)
At 31 December	63,785	60,003
Net book value	11,186	16,094

14 Intangible assets

	Goodwill £'000	Software £'000	Acquired intangible assets £'000	Total £'000
Cost				
At 1 January 2012	56,227	64,218	18,253	138,698
Additions	1,080	8,981	850	10,911
Acquired via subsidiary	–	3	–	3
Disposals	–	(364)	(333)	(697)
Foreign currency adjustment	(532)	(334)	(326)	(1,192)
At 31 December 2012	56,775	72,504	18,444	147,723
Additions	–	15,544	–	15,544
Acquired via subsidiary	–	–	–	–
Disposals	–	(4,583)	–	(4,583)
Foreign currency adjustment	640	123	598	1,361
At 31 December 2013	57,415	83,588	19,042	160,045
Amortisation and impairment				
At 1 January 2012	–	28,124	6,332	34,456
Charged during the year	–	6,965	2,608	9,573
Disposals	–	(180)	(333)	(513)
Foreign currency adjustment	–	(326)	(79)	(405)
At 31 December 2012	–	34,583	8,528	43,111
Charged during the year	–	7,464	2,212	9,676
Impairment	9,271	–	2,924	12,195
Disposals	–	(3,941)	–	(3,941)
Foreign currency adjustment	(208)	55	287	134
At 31 December 2013	9,063	38,161	13,951	61,175
Net book value				
At 31 December 2013	48,352	45,427	5,091	98,870
At 31 December 2012	56,775	37,921	9,916	104,612
At 1 January 2012	56,227	36,094	11,921	104,242

Management have considered that the deterioration in the performance of Computacenter France during 2013 provides sufficient evidence to test the non-financial assets in the business for impairment as at 31 December 2013. Computacenter France, which is equivalent to the France segment, is the cash-generating unit ('CGU') at which impairment is assessed. The recoverable amount of the Computacenter France CGU has been determined based on a value-in-use calculation. The discount rate used is 12 per cent (2012: 12 per cent). As a result of the deterioration in performance, an impairment of £12.2 million has been recognised in this CGU, which has resulted in an impairment to goodwill and acquired customer relationships. In France, adverse changes to the assumptions, such as a 0.5 per cent increase in the discount rate, a 0.5 per cent reduction in the market growth rate or a 5 per cent fall in long-term operating profit, would cause the carrying value of the remaining non-current assets in the French cash-generating unit to exceed the carrying amount.

15 Impairment testing of goodwill and other intangible assets

Goodwill acquired through business combinations have been allocated to the following CGUs:

- Computacenter (UK) Limited
- RD Trading
- Computacenter Germany
- Computacenter France
- Computacenter Switzerland
- NEWIS SA and Informatique Services IS SA (together 'Belgium IS')

These represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Movements in goodwill

	Computacenter (UK) Limited £'000	RD Trading £'000	Computacenter Germany £'000	Computacenter France £'000	Damax AG £'000	Belgium IS £'000	Total £'000
1 January 2012	30,429	835	14,946	9,096	921	–	56,227
Additions	–	–	–	–	–	1,080	1,080
Foreign currency adjustment	–	–	(318)	(193)	(21)	–	(532)
31 December 2012	30,429	835	14,628	8,903	900	1,080	56,775
Impairment	–	–	–	(9,271)	–	–	(9,271)
Foreign currency adjustment	–	–	259	368	7	214	848
31 December 2013	30,429	835	14,887	–	907	1,294	48,352
<i>Market growth rate</i>	2.5%	2.5%	2.5%	1.5%	1.5%	1.5%	
<i>Discount rate</i>	11.0%	11.0%	11.0%	12.0%	12.0%	15.0%	

Additions to goodwill in 2012 arose from the acquisition of Belgium IS. Belgium IS is managed and therefore reported as part of the Belgium segment, however as it retains its own identifiable cash flows, it is considered as a CGU itself.

Key assumptions used in value in use calculations

The recoverable amounts of all six CGUs 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 between 1.5 and 2.5 per cent (2012: between 1.5 and 2.5 per cent) thereafter.

Key assumptions used in the value-in-use calculation for all CGUs for 31 December 2013 and 31 December 2012 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 ranges from 11.0 to 15.0 per cent (2012: 11.0 to 15.0 per cent) which represents the Group's pre-tax discount rate adjusted for the risk profiles of the individual CGUs.

Except in France, each CGU generates value substantially in excess of the carrying value of goodwill attributed to each of 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. In France, adverse changes in the assumptions, such as a 0.5 per cent reduction in market growth rate or an increase in the discount rate of 0.5 per cent would cause the carrying value to exceed its recoverable amount.

Other intangible assets

Other intangible assets consist of customer contracts, customer relationships and tools and technology. The expected useful lives are shown in note 2.

16 Investments

a) Investment in associate

The following table illustrates summarised information of the investment in associates:

	2013 £'000	2012 £'000
Cost		
At 1 January	585	507
Increase in investment	–	100
Share of associates profit/(losses)	10	(21)
Exchange rate movement	(1)	(1)
At 31 December	594	585
Impairment		
At 1 January	(10)	(10)
Charge for year	(539)	–
At 31 December	(549)	(10)
Carrying value	45	575

Gonicus GmbH

The Group has a 20 per cent (2012: 20 per cent) interest in Gonicus GmbH, whose principal activity is the provision of Open Source Software. Gonicus is a private entity, incorporated in Germany, that is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment. The reporting date of Gonicus is 31 December.

ICS Solutions Limited

The Group has a 25 per cent (2012: 25 per cent) interest in ICS Solutions Limited ('ICS') whose principal activity is the delivering of both on-premise and cloud-based services and solutions across the Microsoft technology stack. ICS is a private entity, incorporated in the United Kingdom, that is not listed on any public exchange and therefore there is no published quotation price for the fair value of the investment. The reporting date of ICS is 30 June.

Due to the continued adverse performance of ICS the Group's investment in ICS has been fully impaired as at 31 December 2013.

16 Investments *continued*

b) Investment in subsidiaries

The Group's principal subsidiary undertakings are as follows:

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held	
			2013	2012
Computacenter (UK) Limited	England	IT Infrastructure services	100%	100%
Computacenter France SAS	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%*	100%*
Computacenter PSF SA	Luxembourg	IT Infrastructure services	100%	100%
Computacenter USA	USA	IT Infrastructure services	100%*	100%*
Computacenter Services (Iberia) SLU	Spain	International Call Centre Services	100%*	100%*
Digica Group Holdings Limited	England	IT infrastructure and application services	100%	100%
Computacenter Services and Solutions (Pty) Ltd	South Africa	IT Infrastructure services	100%*	100%*
becom Informationssysteme GmbH	Germany	IT Infrastructure services	100%**	100%**
Top Info SAS	France	IT Infrastructure services	100%***	100%***
Computacenter AG	Switzerland	IT Infrastructure services	80%	80%
HSD Consult GmbH	Germany	IT Infrastructure services	100%**	100%**
NEWIS SA	Belgium	IT Infrastructure services	100%****	100%****
Informatic Services IS SA	Belgium	IT Infrastructure services	100%****	100%****
Computacenter Services (Malaysia) Sdn Bhd	Malaysia	International Call Centre Services	100%*	–
Computacenter Services Kft	Hungary	International Call Centre Services	100%*	–

* Includes indirect holdings of 100 per cent via Computacenter (UK) Limited.

** Includes indirect holdings of 100 per cent via Computacenter Holding GmbH.

*** Includes indirect holdings of 100 per cent via Computacenter France SAS.

**** Includes indirect holdings of 100 per cent via Computacenter NV/SA.

Computacenter plc is the ultimate parent entity of the Group.

17 Business combinations

Update on acquisitions made in 2012

On 28 December 2012 the Group acquired 100 per cent of the voting shares of NEWIS SA and its subsidiary, Informatic Services IS SA. The book and provisional fair values of the net assets acquired that were disclosed in note 16 of the 31 December 2012 Annual Report and Accounts are now final and are unchanged.

18 Inventories

	2013 £'000	2012 £'000
Inventories for re-sale	58,618	67,782

Notes to the consolidated financial statements continued

19 Trade and other receivables

	2013 £'000	2012 £'000
Trade receivables	657,893	569,178
Other receivables	9,829	4,483
	667,722	573,661

For terms and conditions relating to related party receivables, refer to note 34.

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

Note 26 sets out the Group's strategy towards credit risk.

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

	2013 £'000	2012 £'000
At 1 January	14,076	13,204
Charge for the year	10,696	9,896
Utilised	(5,220)	(4,611)
Unused amounts reversed	(4,791)	(4,101)
Foreign currency adjustment	203	(312)
At 31 December	14,964	14,076

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
2013	657,893	548,629	68,627	16,679	6,065	6,522	11,371
2012	569,178	475,011	61,098	20,733	4,636	2,266	5,434

20 Cash and short-term deposits

	2013 £'000	2012 £'000
Cash at bank and in hand	43,098	109,443
Short-term deposits	48,000	28,706
	91,098	138,149

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 £91,098,000 (2012: 138,149,000).

Due to strong cash generation over the past three years, the Group is now in a position where it can finance its requirements from its cash balance. The Group does, however, retain overdraft facilities where required. The uncommitted overdraft facilities available to the Group are £17.3 million at 31 December 2013 (2012: £20.3 million). During the year the Group entered into a new committed facility of £40.0 million for a three-year term which expires in May 2016. At 31 December 2013 the facility was not utilised.

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

	2013 £'000	2012 £'000
Cash at bank and in hand	43,098	109,443
Short-term deposits	48,000	28,706
Bank overdrafts (note 22)	(764)	(678)
	90,334	137,471

Cash pooling

The Group operates a notional cash pooling facility whereby Group companies have instant access to a facility into which excess funds can be deposited or withdrawn to meet funding requirements. Due to the nature of this facility, all balances related to this arrangement are disclosed within cash at bank and in hand.

21 Trade and other payables

	2013 £'000	2012 £'000
Trade payables	409,746	342,991
Other payables	195,199	184,548
	604,945	527,539

Terms and conditions of the above financial liabilities:

For terms and conditions relating to related parties, refer to note 34.

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 months.

22 Financial liabilities

	2013 £'000	2012 £'000
Current		
Bank overdrafts	764	678
Other loans – 'CSF'	1,194	702
Bank loan	37	79
Current obligations under finance leases – 'CSF' (note 24)	6,152	7,658
	8,147	9,117
Non-current		
Bank loan	29	65
Other loans – 'CSF'	6,087	–
Non-current obligations under finance leases – 'CSF' (note 24)	5,424	10,341
	11,540	10,406

There are no material differences between the fair value of financial liabilities and their book value.

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 in the main used to satisfy specific customer contracts. There are a small number of assets that are utilised internally.

Bank loans

The bank loans are unsecured and comprise the following:

	Maturity date	Interest rate	£'000
31 December 2013			
	2015	3.02%–3.89%	51
	2016	2.23%	15
			66
Less: current instalments due on bank loans			(37)
Non-current instalments			29
	Maturity date	Interest rate	£'000
31 December 2012			
	2013	2.04%	79
	2015	3.02%–3.89%	45
	2016	2.23%	20
			144
Less: current instalments due on bank loans			(79)
Non-current instalments			65

Notes to the consolidated financial statements continued

22 Financial liabilities continued

Other loans

The other loans are unsecured borrowings to finance equipment sold to customers on specific contracts or for equipment for own use.

Other loans comprise the following:

	Maturity date	Interest rate	£'000
31 December 2013			
	2014	0%–2.76%	602
	2015	1.75%–6.67%	6,679
			7,281
Less: current instalments due on other loans			(1,194)
			6,087

	Maturity date	Interest rate	£'000
31 December 2012			
	2013	0%–2.76%	702
Less: current instalments due on other loans			(702)
			–

The table below summarises the maturity profile of these loans:

	2013 £'000	2012 £'000
Not later than one year	602	702
After one year but not more than five years	6,679	–
	7,281	702

The finance lease and loan facilities are committed.

Facilities

At 31 December 2013, the Group had available £17.3 million of uncommitted overdraft facilities (2012: £20.3 million).

23 Forward currency contracts

	2013 £'000	2012 £'000
Financial instruments at fair value through profit and loss		
Foreign exchange forward contracts	(957)	(584)
Financial instruments at fair value through other comprehensive income		
Cash flow hedges		
Foreign exchange forward contracts	(1,403)	30
	(2,360)	(554)

Cash flow hedges

Financial assets and liabilities at fair value through other comprehensive income reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge the expected contract costs in South African Rand where sales on those contracts are in Sterling, based on highly probable forecast transactions. Financial assets and liabilities through profit or loss are those foreign exchange contracts that are not designated in hedge relationships as they are intended to reduce the level of foreign currency risk for expected sales and purchases.

The Group also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases. When these other contracts are not designated in hedge relationships they are measured at fair value through profit and loss within other operating expenses.

The foreign exchange forward contract balances vary with the level of expected foreign currency costs and changes in the foreign exchange forward rates.

23 Forward currency contracts *continued*

The terms of the foreign currency forward contracts have been negotiated for the expected highly probable forecast transactions to which hedge accounting has been applied. No significant element of hedge ineffectiveness required recognition in the income statement.

The cash flow hedges of the forecasted costs were assessed to be highly effective and a net unrealised loss of £1,403,000 (2012: gain of £494,000) with a deferred tax asset of £326,000 (2012: £120,000 deferred tax liability) relating to the hedging instruments is included in the other comprehensive income. The amounts retained in the other comprehensive income of £1,403,000 are expected to mature and affect the income statement in 2014 and 2015.

24 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:

	2013		2012	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	6,545	6,152	8,418	7,658
After one year but not more than five years	5,783	5,424	10,928	10,341
	12,328	11,576	19,346	17,999
Future finance charges	(752)		(1,347)	
Present value of finance lease obligation	11,576		17,999	

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:

	2013 £'000	2012 £'000
Within one year	45,120	42,354
After one year but not more than five years	66,921	71,012
More than five years	14,276	14,243
	126,317	127,609

c) Operating lease receivables where the Group is lessor

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:

	2013 £'000	2012 £'000
Within one year	4,967	6,435
After one year but not more than five years	5,878	8,847
	10,845	15,282

The amounts receivable are directly related to the finance lease obligations detailed in note 24a.

25 Provisions

	Customer contract provisions £'000	Property provisions £'000	Total provisions £'000
At 1 January 2013	2,108	8,720	10,828
Arising during the year	10,672	130	10,802
Utilised	(3,107)	(1,196)	(4,303)
Provisions unused reversed	–	(732)	(732)
Exchange adjustment	(122)	(19)	(141)
At 31 December 2013	9,551	6,903	16,454
<i>Current 2013</i>	4,268	1,737	6,005
<i>Non-current 2013</i>	5,283	5,166	10,449
	9,551	6,903	16,454
<i>Current 2012</i>	2,108	2,265	4,373
<i>Non-current 2012</i>	–	6,455	6,455
	2,108	8,720	10,828

Customer contract provisions are based on the Directors' best estimate of the amount of future losses to completion on certain contractual services contracts. Whilst there is uncertainty around the future performance of these contracts and the exact timing of cashflows, Management remains comfortable with the level of the provision.

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 10 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.

26 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 28 to 33.

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 regularly monitored thereafter. The balance of trade receivables relates to customers for whom there is no recent history of default. In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date. The maximum exposure on trade receivables, as at the reporting date, is their carrying value.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, current asset investment and forward currency contracts, 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. The Group manages its counterparty credit risk by placing cash on deposit across a panel of reputable banking institutions, with no more than £50.0 million deposited at any one time except for UK Government backed counterparties where the limit is £70.0 million.

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

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings, cash and short-term deposits, invoice factoring in 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 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.

26 Financial instruments continued

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.

	Change in basis points	Effect on profit before tax £'000
2013		
Sterling	+25	38
Euro	+25	45
2012		
Sterling	+25	203
Euro	+25	13

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.

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 within the Group's financial statements is not materially different from their carrying amount.

Forward currency contracts

At 31 December 2013 the Group held foreign exchange contracts 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 2013

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK	Euros	Sterling	€ 2,715,853	Jan 14	1.1820-1.1871
	Sterling	Dollars	£9,240,524	Jan 14	1.5713-1.6489
	Sterling	Swiss Francs	£353,590	Apr 14	1.4141
	Sterling	Euros	£3,089,003	Jan-Feb 14	1.1722-1.2093
	Dollars	Sterling	\$39,894,698	Jan-Apr 14	1.5458-1.6478
	Danish Kroner	Sterling	DKK43,695	Jan 14	8.9164
	Hungarian Forint	Sterling	HUF135,000,000	Feb 14	350.9973-358.3415
Germany	SA Rand	Sterling	ZAR223,996,644	Jan 14-Dec 15	14.9234-18.2271
	US Dollar	Euro	\$48,975,000	Jan-May 14	1.3107-1.3863

31 December 2012

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK	Euro	Sterling	€4,506,533	Jan-Mar 13	1.2255-1.2325
	Sterling	Swiss Franc	£342,505	Apr 13	1.4598
	Sterling	Euro	£1,707,911	Jan 13	1.2255-1.2327
	Sterling	Norwegian Kroner	£21,214	Jan 13	9.0034
	US Dollar	Sterling	\$14,360,237	Jan-Apr 13	1.5838-1.6206
	Danish Kroner	Sterling	DKK304,922	Jan 13	9.1066
	SA Rand	Sterling	ZAR148,641,912	Jan 13-Jun 14	13.6104-15.1952
Germany	US Dollar	Euro	\$49,625,000	Jan-May 13	1.2623-1.3310

The gains or losses arising from changes in the fair value of the above contracts are detailed in note 23.

Notes to the consolidated financial statements continued

26 Financial instruments continued

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 forward currency contracts, as shown in the above table, in order to mitigate such risk. At the end of the year the fair value of the outstanding contracts was a liability of £2,360,000 (2012: £554,000).

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 per cent or -10 per cent would not have a material impact on the Group's profit before tax or equity.

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 2013						
Financial liabilities	1,224	3,135	7,546	8,431	–	20,336
Derivative financial liabilities	–	1,148	842	370	–	2,360
Trade and other payables	–	604,316	–	–	–	604,316
	1,224	608,599	8,388	8,801	–	627,012
Year ended 31 December 2012						
Financial liabilities	1,135	2,676	5,737	11,033	–	20,581
Derivative financial liabilities	–	764	(181)	1	–	584
Trade and other payables	–	527,539	–	–	–	527,539
	1,135	530,979	5,556	11,034	–	548,704

Fair value measurements recognised in the consolidated balance sheet

Financial instruments which are recognised at fair value subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The three levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2013 the Group had a current asset investment, which was measured at Level 2 fair value subsequent to initial recognition, to the value of £nil (31 December 2012: £10.0 million).

At 31 December 2013 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a liability of £2,360,000 (31 December 2012: £554,000).

The realised losses from forward currency contracts in the period to 31 December 2013 of £1,806,000 (2012: £386,000), are offset by broadly equivalent realised gains on the related underlying transactions.

27 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.

Consistent with the Group's aim to maximise return to shareholders, the dividend policy is to maintain a dividend cover of between 2–2.5 times. In 2013 the cover was 2.5 times, on a pre-exceptional basis (2012: 2.3 times).

The Group's capital base is primarily utilised to finance its fixed assets and working capital requirements. The Group seeks to optimise the use of working capital and improve its cash flow. As a consequence, the UK has sourced an increasing proportion of its product business via distributors in order to reduce the working capital requirements of the business.

27 Capital management continued

Capital is allocated across the Group in order to minimise the Group's exposure to exchange rates. Each country finances its own working capital requirements, typically resulting in borrowings in France with cash on deposit in the UK and Germany. During 2013, a notional cash pooling arrangement was introduced, which Group companies can access and allows the Group to pool its funds.

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' ('CSF') 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.

In certain circumstances, the Group deposits its funds in short-term investments that do not fulfil the criteria to be classified as cash and cash equivalents. The Group considers these deposits when managing the net funds of the business, and accordingly includes these deposits within net funds excluding CSF.

Capital, defined as net funds, that the Group monitors is:

	2013 £'000	2012 £'000
Net funds excluding CSF	90,271	147,327
Customer specific financing	(18,857)	(18,701)
Net funds	71,414	128,626

The Group continued to benefit from the extension of an improvement in credit terms with a significant vendor, equivalent to £41 million at 31 December 2013, an increase of approximately £7 million over the course of the year.

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.

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.

The Group regularly reviews the adequacy of its facilities against any foreseeable peak borrowing requirement. At 31 December 2013, the Group had available £17.3 million of uncommitted overdraft facilities (2012: £20.3 million of uncommitted overdraft and factoring facilities).

28 Issued capital and reserves

Authorised share capital

In accordance with the Companies Act 2006, the Company no longer has an authorised share capital. The Company's Articles of Association has been amended to reflect this change.

Ordinary Shares

Issued and fully paid	6p ordinary shares No. '000	6½p ordinary shares No. '000	0.01p B shares No. '000	Total £'000
At 1 January 2012	153,888	–	–	9,233
Ordinary shares issued during the year for cash on exercise of share options	20	–	–	1
At 31 December 2012	153,908	–	–	9,234
Ordinary shares issued during the year for cash on exercise of share options	24	398	–	28
Bonus issue	–	–	153,932	15
Share redemption	–	–	(64,500)	(6)
Share consolidation	(153,932)	138,532	–	–
At 31 December 2013	–	138,930	89,432	9,271

During the year, the issued share capital was increased by £28,000 by the issue of 17,000 ordinary shares of 6 pence each and 398,000 shares of 6½ pence each.

28 Issued capital and reserves continued

The Company has a number of share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (note 29).

Return of Value

On 12 June 2013 the Company effected a capital reorganisation under which each ordinary share of 6 pence was divided into one ordinary of $6\frac{2}{3}$ pence and one B share of 0.01 pence (with the B shares to be redeemed and cancelled at a future date). Following this sub-division every 10 ordinary shares of 6 pence were consolidated into 9 ordinary shares of $6\frac{2}{3}$ pence. As a result of the 9 for 10 consolidation, 153,931,830 ordinary shares of 6 pence became 138,538,647 ordinary shares of $6\frac{2}{3}$ pence.

The holders of the B shares could elect to either sell the shares or receive a one-off dividend income. Both options to be remitted to shareholders on 5 July. The holders of B shares are then not entitled to any further profits of the Company.

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.

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 nil of its own shares for cancellation (2012: nil).

Own shares held

Own shares held comprise the following:

i) Computacenter Employee Share Ownership Plan

Shares in the parent undertaking comprise 3,065,133 (2012: 4,072,849 6 pence ordinary shares) $6\frac{2}{3}$ pence ordinary shares of Computacenter plc purchased by the Computacenter Employee Share Ownership Plan ('the Plan'). The principal purpose of the Plan is to be funded with shares that will satisfy discretionary executive share plans. The number of shares held represents 2.2 per cent (2012: 3.4 per cent) 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 $6\frac{2}{3}$ pence 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 3,065,133 (2012: 4,072,849) shares that it owns which are all unallocated shares.

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

The total shares held are 41,965 (2012: 327,489), which represents 0.03 per cent (2012: 0.1 per cent) 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 2013 was £267,737 (2012: £673,450). The Quest Trustees have waived dividends in respect of all of these shares. During the year the Quest subscribed for 374,760 (2012: 705,000 6 pence ordinary shares) $6\frac{2}{3}$ pence ordinary shares.

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.

29 Share-based payments

Executive share option scheme

During the year, options were exercised with respect to 124,000 (2012: 227,316) 6 pence ordinary shares at a nominal value of £7,440 (2012: £13,639) at an aggregate premium of £320,695 (2012: £636,119). Subsequent to the Return of Value options in respect of 317,000 6 $\frac{2}{3}$ pence ordinary shares, at a nominal value of £21,134 and at an aggregate premium of £800,946, were exercised. The total nominal value of options exercised during the year was £145,134 (2012: £13,639) and the total aggregate premium was £1,121,641 (2012: £636,119).

Under the Computacenter Employee Share Option Scheme 1998 and the Computacenter Services Group Executive Share Scheme, options in respect of nil (2012: 515,000) shares lapsed.

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

Date of grant	Exercisable between	Exercise price	2013 Number outstanding	2012 Number outstanding
21/03/2003	21/03/2006–20/03/2013	266.50p	–	15,000
02/04/2004	02/04/2007–01/04/2014	424.00p	4,000	30,000
24/10/2006	24/10/2011–23/10/2016	250.00p	558,000	958,000
17/04/2007	17/04/2012–16/04/2017	285.00p	30,000	30,000
			592,000	1,033,000

Please refer to the information given in the Directors' interest in share incentive schemes table in the Directors' Remuneration Report on page 66 for details of the vesting conditions attached to the Executive share options.

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

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Executive share option scheme				
Outstanding at the beginning of the year ¹	1,033,000	£2.56	1,775,316	£2.95
Forfeited during the year	–	–	(515,000)	£2.65
Exercised during the year ²	(441,000)	£2.61	(227,316)	£2.86
Outstanding at the end of the year	592,000	£2.53	1,033,000	£2.56
Exercisable at the end of the year	592,000	£2.53	1,033,000	£2.56

The weighted average remaining contractual life for the share options outstanding as at 31 December 2013 is 2.80 years (2012: 3.70 years).

Notes

- 1 Included within this balance are options over nil (2012: nil) 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 £5.16 (2012: £4.17).

Notes to the consolidated financial statements continued

29 Share-based payments continued

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 1,049,579 (2012: 1,179,689) shares were awarded, 571,821 (2012: 1,285,860) were exercised and 618,561 (2012: 1,285,356) lapsed.

At 31 December 2013 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	2013 Number outstanding	2012 Number outstanding
15/03/2010	15/03/2013	315.80p	–	971,169
17/03/2011	17/03/2014	423.00p	379,597	465,554
17/03/2011	17/03/2014	423.00p	591,133	591,133
23/03/2012	23/03/2015	433.00p	1,046,433	1,179,689
03/05/2013	21/03/2016	440.00p	1,049,579	–
			3,066,742	3,207,545

The weighted average share price at the date of exercise for the options exercised is £4.36 (2012: £4.32).

The weighted average remaining contractual life for the options outstanding as at 31 December 2013 is 1.2 years (2012: 1.3 years).

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 under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. During the year 1,206,885 (2012: 747,775) options were granted with a fair value of £2,263,764 (2012: £773,142).

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

Date of grant	Exercisable between	Share price	2013 Number outstanding	2012 Number outstanding
October 2007	01/12/2012–31/05/2013	178.00p	–	172,820
October 2009	01/12/2012–31/05/2013	320.00p	–	149,399
October 2009	01/12/2014–31/05/2015	320.00p	103,420	114,567
October 2010	01/12/2013–31/05/2014	286.00p	82,377	492,650
October 2010	01/12/2015–31/05/2016	258.00p	731,908	772,481
October 2011	01/12/2014–31/05/2015	369.00p	220,369	239,974
October 2011	01/12/2016–31/05/2017	332.00p	255,647	291,624
October 2012	01/12/2015–31/05/2016	381.00p	242,940	261,726
October 2012	01/12/2017–31/05/2018	343.00p	450,730	475,817
October 2013	01/12/2016–31/05/2017	484.00p	446,589	–
October 2013	01/12/2018–31/05/2019	430.00p	758,634	–
			3,292,614	2,971,058

29 Share-based payments *continued*

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

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Sharesave scheme				
Outstanding at the beginning of the year	2,971,058	£3.04	2,905,644	£2.77
Granted during the year	1,206,885	£4.50	747,775	£3.56
Forfeited during the year	(224,961)	£3.10	(205,738)	£2.92
Exercised during the year ¹	(660,368)	£2.66	(476,624)	£2.26
Outstanding at the end of the year	3,292,614	£3.65	2,971,058	£3.04
Exercisable at the end of the year	–	–	322,219	£2.44

Note

1 The weighted average share price at the date of exercise for the options exercised is £5.77 (2012: £3.93).

The weighted average remaining contractual life for the options outstanding as at 31 December 2013 is 3.4 years (2012: 3.1 years).

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 tables give the assumptions made during the year ended 31 December 2013 and 31 December 2012:

2013

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Date of grant	03/05/2013	03/05/2013	03/05/2013	25/10/2013	25/10/2013
Number of instruments granted	570,681	418,752	60,146	447,554	759,331
Exercise price	£nil	£nil	£nil	£4.84	£4.40
Share price at date of grant	£4.40	£4.40	£4.40	£5.70	£5.70
Contractual life (years)	3	3	2	3	5
Vesting conditions	See note 5 on page 66 in the Directors' remuneration report	See note 1 below	See note 1 below	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	37.3%	45.0%
Expected option life at grant date (years)	3	3	2	3	5
Risk-free interest rate	n/a	n/a	n/a	1.51%	1.51%
Dividend yield	3.5%	3.5%	3.5%	2.75%	2.75%
Fair value per granted instrument determined at grant date	£3.97	£3.97	£4.11	£1.58	£2.05

Notes to the consolidated financial statements continued

29 Share-based payments continued 2012

	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Nature of the arrangement					
Date of grant	23/03/2012	23/03/2012	23/03/2012	26/10/12	26/10/12
Number of instruments granted	677,609	438,798	70,672	264,089	483,687
Exercise price	£nil	£nil	£nil	£3.81	£3.43
Share price at date of grant	£4.33	£4.33	£4.33	£3.70	£3.70
Contractual life (years)	3	3	2	3	5
Vesting conditions	See note 5 on page 66 in the Directors' remuneration report	See note 1 below	See note 1 below	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	39.8%	50.2%
Expected option life at grant date (years)	3	3	2	3	5
Risk-free interest rate	n/a	n/a	n/a	0.83%	0.83%
Dividend yield	3.5%	3.5%	3.5%	4.19%	4.19%
Fair value per granted instrument determined at grant date	£3.91	£3.91	£4.04	£0.73	£1.20

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 the options granted were incorporated into the measurement of fair value.

Note

- 1 Issued under the terms of the Computacenter Performance Share Plan 2006, as amended at the AGM held on 13 May 2011. One quarter of the shares will vest if the compound annual EPS growth over the performance period equals 5 per cent per annum. One half of the shares will vest if the compound annual EPS growth over the performance period equals 7.5 per cent and will vest in full if the compound annual EPS growth over the performance period equals 10 per cent. If the compound annual EPS growth over the performance period is between 5 and 10 per cent, shares awarded will vest on a straight-line basis. The performance period usually covers a period of three years from 1 January of the year the award is granted. A limited number of PSP awards are granted with a performance period of two years.

30 Analysis of changes in net funds

	At 1 January 2013 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2013 £'000
Cash and short-term deposits	138,149	(48,865)	–	1,814	91,098
Bank overdraft	(678)	(27)	–	(59)	(764)
Cash and cash equivalents	137,471	(48,892)	–	1,755	90,334
Current asset investment	10,000	(10,000)	–	–	–
Bank loans	(144)	84	–	(3)	(63)
Net funds excluding customer specific financing	147,327	(58,808)	–	1,752	90,271
Customer specific finance leases	(17,999)	8,065	(1,235)	(408)	(11,577)
Customer specific other loans	(702)	(6,578)	–	–	(7,280)
Total customer specific financing	(18,701)	1,487	(1,235)	(408)	(18,857)
Net funds	128,626	(57,321)	(1,235)	1,344	71,414

	At 1 January 2012 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2012 £'000
Cash and short-term deposits	128,437	11,806	–	(2,094)	138,149
Bank overdraft	(1,653)	940	–	35	(678)
Cash and cash equivalents	126,784	12,746	–	(2,059)	137,471
Current asset investment	10,000	–	–	–	10,000
Factor financing	–	(144)	–	–	(144)
Net funds excluding customer specific financing	136,784	12,602	–	(2,059)	147,327
Customer specific finance leases	(21,624)	9,201	(6,031)	455	(17,999)
Customer specific other loans	(1,524)	776	–	46	(702)
Total customer specific financing	(23,148)	9,977	(6,031)	501	(18,701)
Net funds	113,636	22,579	(6,031)	(1,558)	128,626

31 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) 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 net working 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 offset within working capital.
- 2) Net funds excluding CSF is stated inclusive of current asset investments. Current asset investments consists of a deposit held for a term of greater than three months from the date of deposit which is available to the Group with 30 days notice. The fair value of the current asset investment as at 31 December 2013 is not materially different to the carrying value.

	2013 £'000	2012 £'000
Adjusted profit before taxation	81,664	79,309
Adjusted net interest	(286)	(1,265)
Depreciation and amortisation	25,764	24,384
Share-based payments	1,070	2,176
Trading losses on onerous contracts	(8,201)	(5,921)
Working capital movements	(29,508)	(13,819)
Other adjustments	(47)	377
Adjusted operating cash inflow	70,456	85,241
Net interest received	(135)	1,118
Income taxes paid	(9,624)	(13,111)
Capital expenditure and investments	(24,231)	(30,813)
Acquisitions	–	(1,854)
Equity dividends paid	(22,797)	(23,213)
Cash inflow before financing	13,669	17,368
Financing		
Proceeds from issue of shares	1,222	53
Return of value	(73,701)	–
Purchase of own shares	–	(4,819)
Increase in net funds excluding CSF in the period	(58,810)	12,602
Increase in net funds excluding CSF	(58,810)	12,602
Effect of exchange rates on net funds excluding CSF	1,754	(2,059)
Net funds excluding CSF at beginning of period	147,327	136,784
Net funds excluding CSF at end of period	90,271	147,327

32 Capital commitments

At 31 December 2013 and 31 December 2012 the Group held no significant commitments for capital expenditure.

33 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 7.

34 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	38	777	1	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)

The Board of Directors is identified as the Group's key management personnel. Please refer to the information given in the Directors' remuneration table in the Directors' Remuneration Report on page 64 for details of compensation given to the Group's key management personnel. A summary of the compensation of key management personnel is provided below:

	2013 £'000	2012 £'000
Short-term employee benefits	1,789	1,492
Social security costs	279	445
Share-based payment transactions	(5)	1,003
Pension costs	12	12
Total compensation paid to key management personnel	2,075	2,952

The interest of the key management personnel in the Group's share incentive schemes are disclosed in the Directors' Remuneration Report on page 66.

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 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the 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 auditor's report to the members of Computacenter plc

We have audited the Parent Company financial statements of Computacenter plc for the year ended 31 December 2013 which comprise the Company Balance Sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 71, the Directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Computacenter plc for the year ended 31 December 2013.

Ernst & Young LLP

Nick Powell (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
10 March 2014

Company balance sheet

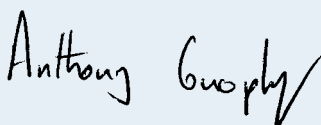
As at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	2	84,721	93,221
Tangible assets	3	20,483	22,100
Investments	4	172,359	171,289
		277,563	286,610
Current assets			
Debtors	5	90,195	90,168
Cash at bank and in hand		119	42
		90,314	90,210
Creditors: amounts falling due within one year	6	129,783	45,051
Net current assets/(liabilities)		(39,469)	45,159
Total assets less current liabilities		238,094	331,769
Creditors: amounts falling due after more than one year		–	–
Provisions for liabilities and charges		–	–
Total assets less liabilities		238,094	331,769
Capital and reserves			
Called up share capital	7	9,271	9,234
Share premium account	7	4,362	3,769
Capital redemption reserve	7	74,963	74,957
Merger reserve	7	55,990	55,990
Own shares held	7	(10,015)	(11,887)
Profit and loss account	7	103,523	199,706
Equity shareholders' funds		238,094	331,769

Approved by the Board on 10 March 2014



MJ Norris
Chief Executive



FA Conophy
Finance Director

Notes to the Company financial statements

For the year ended 31 December 2013

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 10 March 2014. 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 408 of the Companies Act 2006. The profit after tax for the Company was £531,000 (2012: £131,792,000).

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, normally 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.

Notes to the Company financial statements continued

2 Intangible assets

	Intellectual property £'000
Cost	
At 1 January 2013 and 31 December 2013	169,737
Amortisation	
At 1 January 2013	76,516
Charge in the year	8,500
At 31 December 2013	85,016
Net book value	
At 31 December 2013	84,721
At 31 December 2012	93,221

3 Tangible assets

	Freehold land and buildings £'000
Cost	
At 1 January 2013 and 31 December 2013	42,350
Depreciation	
At 1 January 2013	20,250
Charge in the year	1,617
At 31 December 2013	21,867
Net book value	
At 31 December 2013	20,483
At 31 December 2012	22,100

4 Investments

	Investments in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Investment £'000	Total £'000
Cost				
At 1 January 2013	260,259	2,754	25	263,038
Share-based payments	1,070	–	–	1,070
At 31 December 2013	261,329	2,754	25	264,108
Amounts provided				
At 1 January 2013	88,970	2,754	25	91,749
Provided during the year	–	–	–	–
At 31 December 2013	88,970	2,754	25	91,749
Net book value				
At 31 December 2013	172,359	–	–	172,359
At 31 December 2012	171,289	–	–	171,289

Details of the principal investments at 31 December in which the Company holds more than 20 per cent of the nominal value of ordinary share capital are given in the Group accounts in note 16.

5 Debtors

	2013 £'000	2012 £'000
Amount owed by subsidiary undertaking	90,000	90,000
Other debtors	165	126
Deferred tax	30	42
	90,195	90,168

6 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amount owed to subsidiary undertaking	127,618	34,892
Accruals	1,786	1,122
Deferred income	31	8,735
Corporation tax	348	302
	129,783	45,051

7 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 2012	9,233	3,717	74,957	(9,001)	55,990	90,884	225,780
Exercise of options	1	52	–	1,933	–	(1,933)	53
Total recognised gains and losses in the year	–	–	–	–	–	131,792	131,792
Purchase of own shares	–	–	–	(4,819)	–	–	(4,819)
Share options granted to employees of subsidiary companies	–	–	–	–	–	2,176	2,176
Equity dividends	–	–	–	–	–	(23,213)	(23,213)
At 31 December 2012	9,234	3,769	74,957	(11,887)	55,990	199,706	331,769
Exercise of options	28	1,194	–	1,872	–	(1,872)	1,222
Total recognised gains and losses in the year	–	–	–	–	–	531	531
Share options granted to employees of subsidiary companies	–	–	–	–	–	1,070	1,070
Bonus issue	15	(15)	–	–	–	–	–
Expenses on bonus issue	–	(586)	–	–	–	–	(586)
Redemption of shares	(6)	–	6	–	–	–	–
Return of Value	–	–	–	–	–	(73,115)	(73,115)
Equity dividends	–	–	–	–	–	(22,797)	(22,797)
At 31 December 2013	9,271	4,362	74,963	(10,015)	55,990	103,523	238,094

8 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 £2.2 million (2012: £5.1 million).

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 £0.8 million (2012: £0.6 million).

9 Related party transactions

The Company has taken the exemption in FRS 8 not to disclose transactions with other wholly owned Group Companies. The Company has not traded with any of the related parties disclosed in note 34 of the Group accounts.

10 Auditors' remuneration

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

Group five-year financial review

Year ended 31 December

	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m
Revenue	2,503.2	2,676.5	2,852.3	2,914.2	3,072.1
Adjusted* operating profit	53.9	64.4	72.5	79.1	82.2
Adjusted* profit before tax	54.2	66.1	74.2	79.3	81.7
Profit for the year	37.7	50.3	61.0	49.1	33.2
Adjusted* diluted EPS	27.7p	33.0p	37.4p	40.8p	43.3p
Net cash excluding CSF	86.4	139.4	136.8	147.3	90.3
Year-end headcount	10,296	10,566	11,626	12,627	12,703

* Before amortisation of acquired intangibles and exceptional items. Adjusted operating profit is stated after charging finance costs on customer-specific financing. In 2011 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

	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m
Tangible assets	105.3	88.9	98.3	100.7	89.0
Intangible assets	73.0	78.5	104.2	104.6	98.9
Investment in associate	–	–	0.5	0.6	–
Deferred tax asset	16.4	15.5	15.9	14.4	15.2
Inventories	67.1	81.6	97.4	67.8	58.6
Trade and other receivables	475.6	471.1	549.0	573.7	667.7
Prepayments and accrued income	85.3	84.2	90.1	104.2	114.8
Forward currency contracts	0.7	0.6	(0.2)	(0.6)	(2.4)
Current asset investment	–	–	10.0	10.0	–
Cash	108.0	159.3	128.4	138.1	91.1
Current liabilities	(557.5)	(588.2)	(665.9)	(673.3)	(745.3)
Non-current liabilities	(35.5)	(22.0)	(24.0)	(17.9)	(22.9)
Net assets	338.6	369.6	403.7	422.3	364.7

Financial calendar

Title	Date
AGM	15 May 2014
Dividend record date	23 May 2014
Dividend payment date	20 June 2014
Interim results announcement	29 August 2014

Corporate information

Board of Directors

Greg Lock (Non-Executive Chairman)
Mike Norris (Chief Executive)
Tony Conophy (Finance Director)
Brian McBride (Senior Independent Director)
Philip Hulme (Non-Executive Director)
Peter Ogden (Non-Executive Director)
John Ormerod (Non-Executive Director)
Regine Stachelhaus (Non-Executive Director)

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