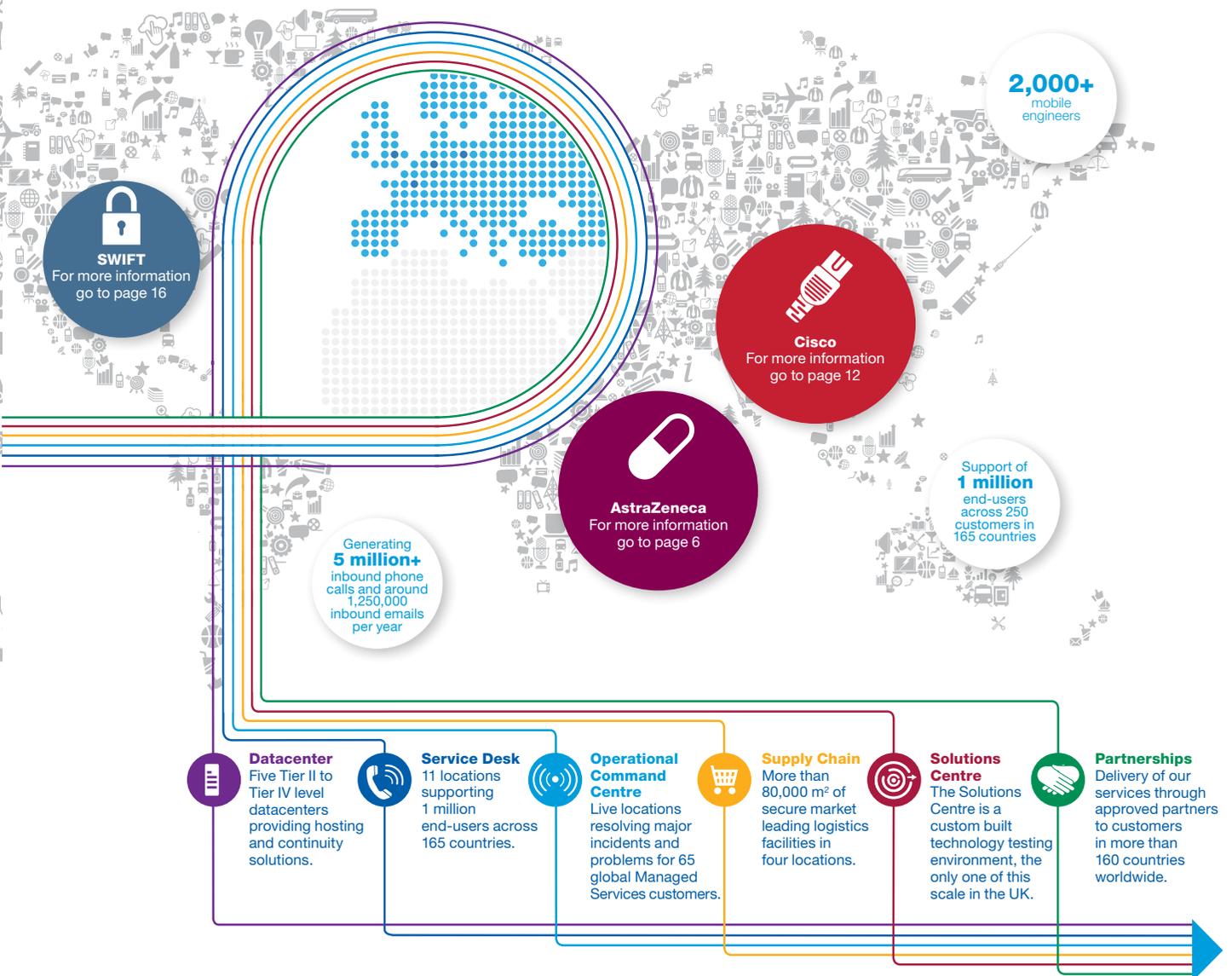


# Helping our customers go further

# What we do and where we do it

We help our customers' businesses perform better, smarter and deliver on time and on budget. We are Europe's leading vendor-independent IT infrastructure services provider.

Through our cross-selling, knowledge-sharing and our integrated customer offer, our broad range of services are making an impact across the world.



## Overview

- 01 Chairman's statement
- 02 Operating review

## Business review

- 18 Finance Director's review
- 24 Risk management
- 26 Corporate Sustainable Development ('CSD')

## Governance

- 30 Board of Directors
- 32 Corporate governance statement
- 37 Audit Committee report
- 40 Nomination Committee report
- 41 Remuneration Committee report
- 50 Directors' report

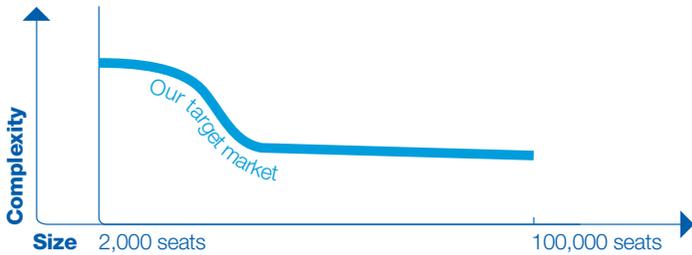
## Financial statements

- 55 Independent auditor's report
- 56 Consolidated income statement
- 57 Consolidated statement of comprehensive income
- 58 Consolidated balance sheet
- 59 Consolidated statement of changes in equity
- 60 Consolidated cash flow statement
- 61 Notes to the consolidated financial statements
- 99 Statement of Directors' responsibilities

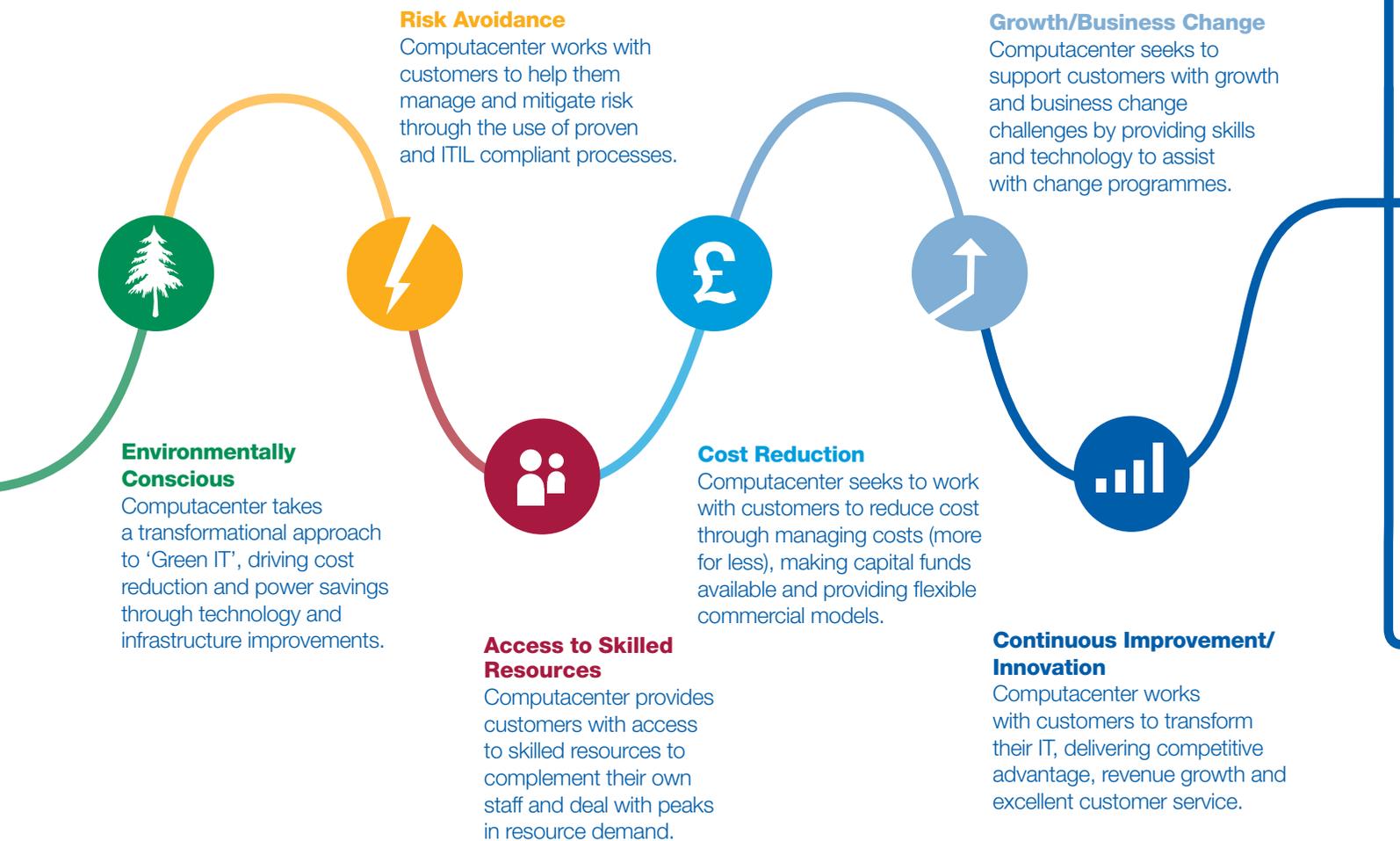
- 100 Independent auditor's report
- 101 Company balance sheet
- 102 Notes to the Company financial statements
- 106 Group five-year financial review
- 106 Group summary balance sheet
- 106 Financial calendar
- 107 Corporate information
- 108 Principal offices

# Our business model

## 1. What our customers want from us



 Please refer to the Risk section on pages 24 and 25 for more information.



### Understanding our customers

- Delivering innovation
- Managing cost
- Mitigating risk
- Improving their service

### Creating advantages for their businesses

- Smarter technology
- On time and within budget
- Better services
- Greater efficiencies
- Lower cost

## 2. How we meet customer demand



### 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.

#### Who we do it for

Small to medium size customers.



### Consult & Change

#### What we do

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

#### Who we do it for

All of our customers.



### 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.

#### Who we do it for

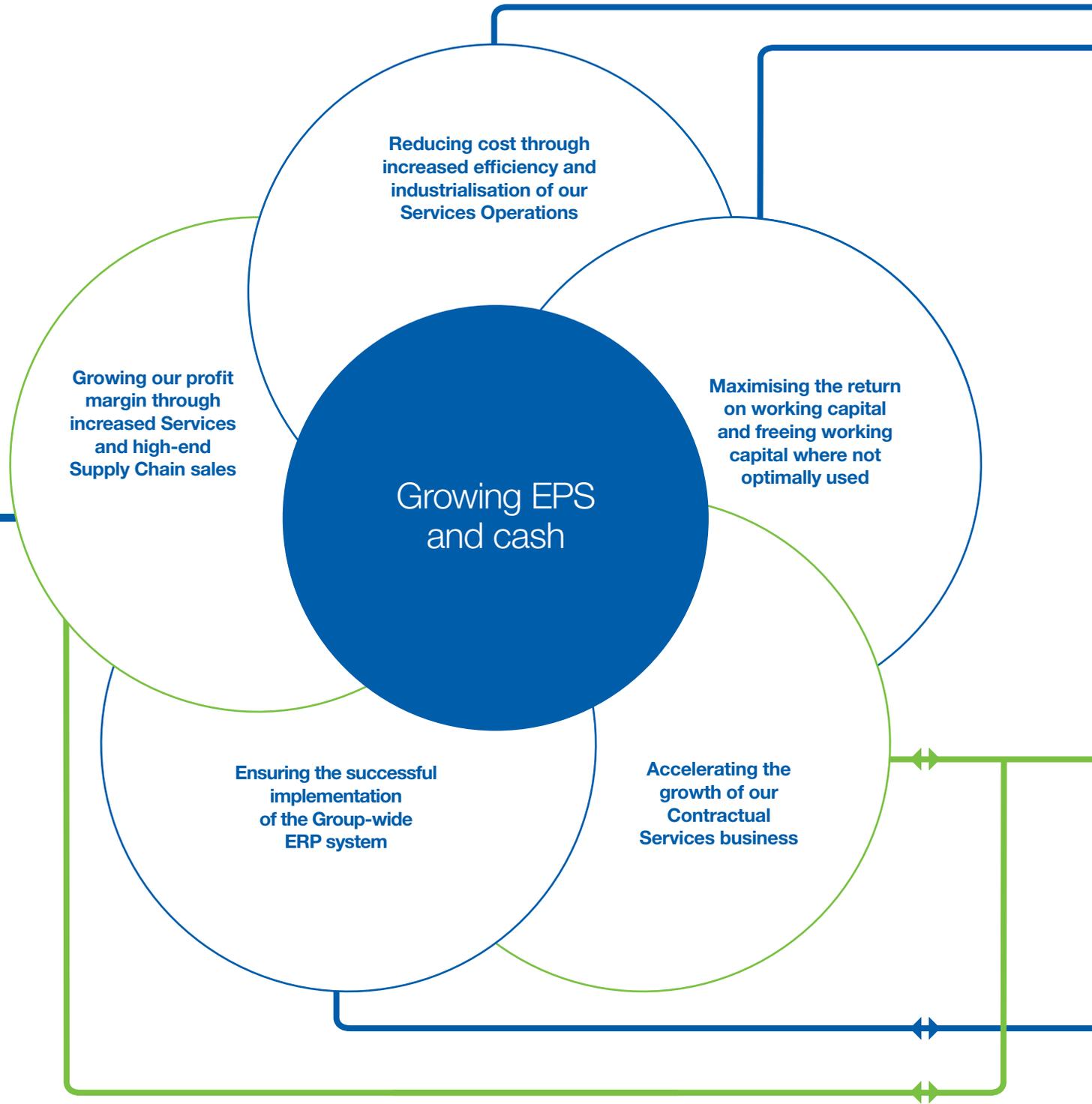
Only larger customers unless smaller customers use our other offerings.



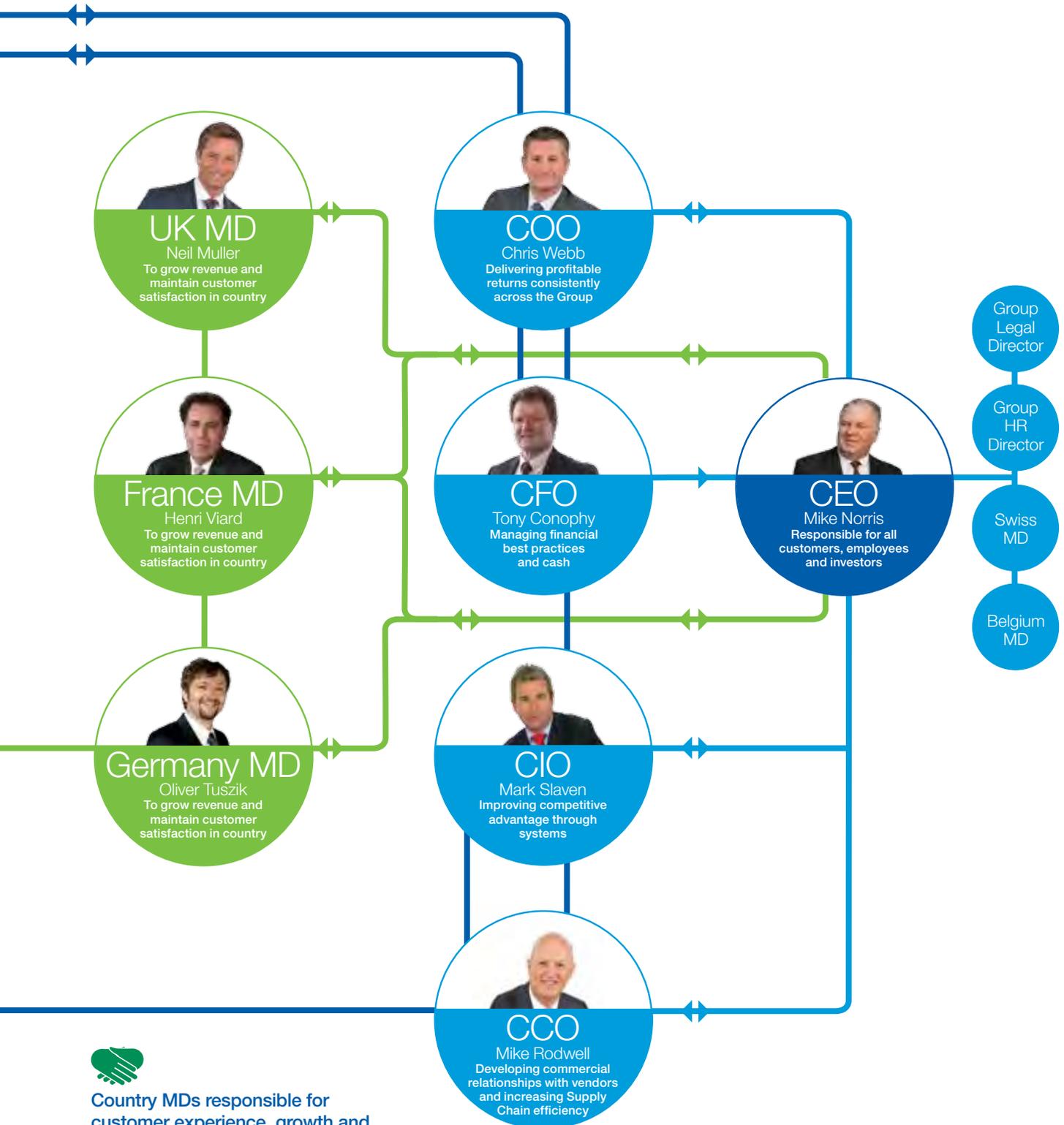
#### We do this by

- Using processes and tools that help ensure outcomes
- Collaborating with customers' IT departments
- Securing the best product for the solution through our vendor independence
- Being flexible in our approach
- Hiring and retaining talent

### 3. How we generate value



#### 4. How our management structure ensures consistent delivery of our Services and products across the Group



Country MDs responsible for customer experience, growth and P&L management. All report to the Group CEO.

# Chairman's statement

2012 was a year in which we stumbled in Germany, invested significantly in France and reaped the reward of three years of building and investing in the UK. We were disappointed with our underestimations of the resource demands and associated costs of starting a significant number of contracts simultaneously in Germany. Taken together with our out-performance in the UK, the impact upon our potential earnings was approximately £7.5 million. Our potential earnings reduced by a further circa £2.5 million due to currency movement. There is however a silver lining to this cloud. We acted vigorously to ensure that the established relationships with our customers and the long-term value of the contracts involved remained protected. In addition, it prompted a comprehensive review of and alteration to, our bid and sales processes in Germany and our overall operating model.

As a result, we have decided to accelerate our plans to structure the Group on a Europe-wide basis. Our UK and German propositions, bidding and contract management functions, are now becoming aligned and our support functions of HR, Finance and Commercial Operations are integrating across all countries. We are able to move swiftly because of the successful ERP implementation in Germany and the UK. At the same time, we shall deliver our ERP system in France during the first half of 2013, allowing us to expand and complete the new structure across the whole Group, during 2014.

We are confident that our actions will address our growing pains of 2012. Our focus remains on improving our Services margins and revenues faster than our other business lines, and on managing our working capital and cash.

In this report you will see the details of our performance for the year, with a splendid result in the UK and overall revenue growth of 6.5 per cent in constant currency, to just short of £3 billion. Profit was broadly flat in constant currency and our cash balance, excluding customer specific financing, improved by circa 8 per cent.

The Company's cash generation over a number of years has resulted in a cash position that will enable us to, over and above the regular dividend, return up to £75 million to our shareholders in 2013.

Please read the Directors' Remuneration Report and judge for yourselves our determination to ensure that our Executive Directors are paid commensurate with our disappointing profit result. As the custodian of governance within Computacenter, I also urge you to read the Corporate Governance statement, which summarises our work in this regard.

I thank our employees for their efforts and results, our customers for their faith in us and our partners for their continued support. Above all, I thank you, our shareholders, for your endorsement and support of our actions and strategy. Your Company enters 2013 a little humbler but in good heart.



**Greg Lock**

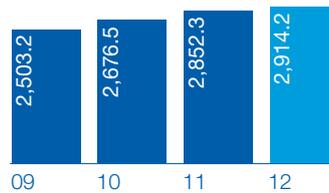
Chairman

11 March 2013

## 2012 highlights

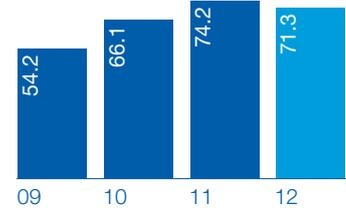
### Revenue (£m)

**+2.2%**



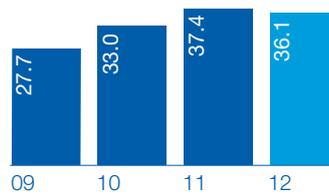
### Adjusted\* profit before tax (£m)

**-4.0%**



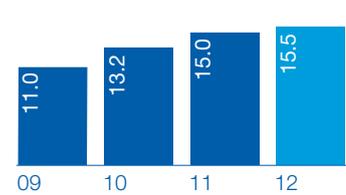
### Adjusted\* diluted earnings per share (p)

**-3.5%**



### Total dividend per share (p)

**+3.3%**



\* Adjusted profit before tax and EPS is stated prior to amortisation of acquired intangibles and exceptional items.





**Mike Norris**  
Chief Executive Officer

## 2012 strategic objectives



## Progress against 2012 strategic objectives

In 2012, our Group contract base grew by 11.0 per cent in constant currency. This rate of growth reflects the continuing fragmentation of the IT Services market, within which large customers are selectively outsourcing their IT Managed Services. The rate of growth in this area was particularly strong in the UK and France.

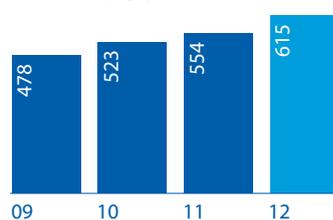
However, given our well-documented issues experienced in the on-boarding process of new Services contracts in Germany, we significantly re-focused our efforts away from winning new Contractual Services business in Germany to dealing with the issues that had arisen, and endeavouring to deliver on existing contractual commitments. Notwithstanding these issues, Contractual Services remain a major growth area for the Computacenter Group due to the increased visibility and predictability of the revenues that they produce.

Adjusted\* operating cash flow of £85 million in 2012 was substantially ahead of adjusted\* profit before tax of £71.3 million, which was again a pleasing performance. During the year, working capital increased on a temporary basis due to the integration of Top Info and the warehouse relocation in France, and a general increase in accrued revenue in relation to new contract take-ons, involving transition and transformation. However, by the year-end, the integration of Top Info and warehouse relocation were complete, with related working capital returning to a lower level and accrued income reduced to a level broadly in line with the overall increase in Services revenue. There was an overall working capital outflow of circa £12 million, primarily due to lower volumes at the year-end with a major supplier which continues to provide an improvement in credit terms.

## Key performance indicators

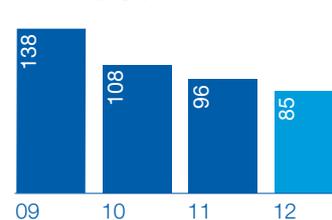
### Increase contract base in constant currency (£m)

**+11.0%**



### Increase adjusted\* operating cash flow (£m)

**-11.5%**



Please see pages 24 and 25 for principal risks.

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

**Reducing cost through increased efficiency and industrialisation of our Services operations**

▼

**Growing our profit margin through increased Services and high-end Supply Chain sales**

▼

**Ensuring the successful implementation of the Group-wide ERP system**

▼

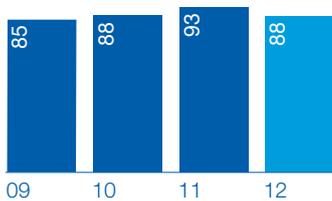
We continue to invest in and derive value from the Shared Services Factory which helps to standardise customer engagement, service offerings and also reduce the cost of service delivery. This includes investment in our offshore service delivery capability, to take advantage of the lower costs available. These initiatives will enable operational and cost benefits over the medium and long term and we expect to deliver improved Services gross margins over time. In the UK, considerable value has been added through our Services industrialisation process, which has resulted in improved margins and increased Services revenue per Service head. Our Services contract issues in Germany have necessitated investment in additional staff to meet customer service level commitments and accordingly, have negatively impacted on Services revenue per Service head across the Group.

In the UK, total revenue for the year increased by 8.5 per cent, whilst adjusted\* gross profit increased by 10 per cent. This higher rate of adjusted\* gross profit in the UK is due to a 15.3 per cent growth in Services revenue, with strong execution of our new contract take-ons in the UK resulting in an improvement in the overall gross margin achieved in the Services business. This was partly offset by an adverse mix in the UK Supply Chain business with a higher proportion of workplace products being sold as part of the Windows 7 roll-out programme.

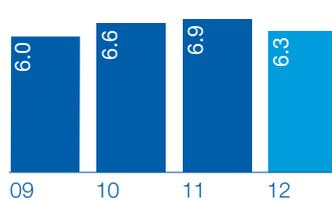
Conversely, in constant currency, Germany adjusted\* gross profit reduced by 6.7 per cent, driven by start-up costs and resultant operational losses in excess of €12 million relating to a number of Services contracts. Operating expenses increased by 3.6 per cent resulting in a 55 per cent decrease in adjusted\* operating profit in Germany.

The Group-wide ERP system is an extensive IT implementation as well as a significant business process change. The system covers virtually all of our operating activities with entirely new resource scheduling, call logging and maintenance systems that are at the heart of our business. The German business went live at the end of January 2011 and the UK business went live at the end of August 2011. France is scheduled to go live in Q2 2013. We are imposing a new Group-wide operating model based on the use of common processes to extract efficiencies and deliver our Services consistently to our increasingly global customers. We would not have been able to achieve this without a common ERP platform across the Group.

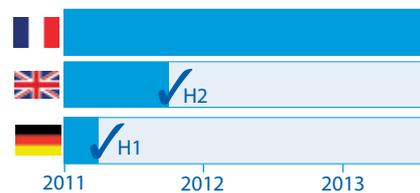
**Increase revenue per Service head**  
(£'000/head)  
**-5.4%**



**Increase EBIT as a percentage of net revenue**  
**-8.8%**



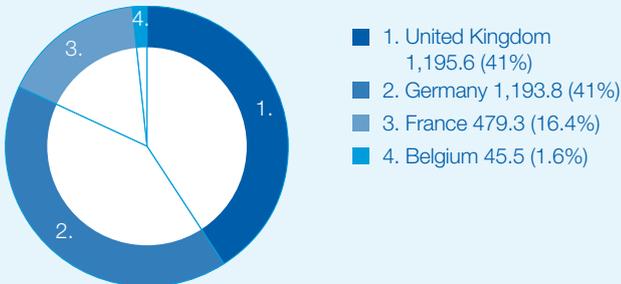
**ERP – delivery vs implementation plan**



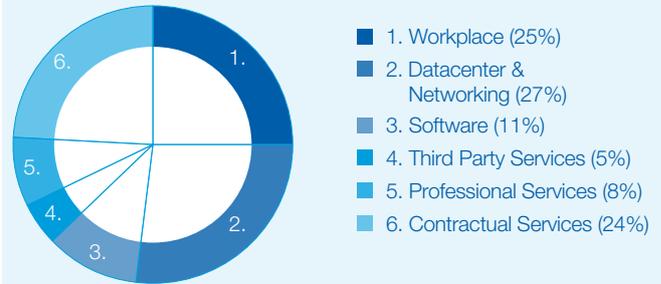
\* Adjusted operating cash flow is defined in note 30 of the notes of the consolidated financial statements.

Group overview

Group revenue by region (£m)



Group revenue by business type



Overall Group revenue in 2012 increased by 2.2 per cent to £2.91 billion (2011: £2.85 billion) and in constant currency, Group revenue increased by 6.5 per cent. It was particularly pleasing that the revenue growth was largely driven by our Services business. It includes the impact of our 2011 acquisitions, which was minimal at a Group level.

At a Group level and in absolute terms, our Supply Chain business revenue declined marginally by 0.5 per cent, but in constant currency, it grew by 3.9 per cent to £2.01 billion. The gross margin percentage in our Supply Chain business reduced, mainly due to a higher mix of lower margin desktop and laptop products in 2012, driven by the Windows 7 roll-out programme. Given the impending deadline to complete the refresh of Windows 7 before the official support termination date for Windows XP in April 2014, it is likely that the impact from this mix will continue part-way through 2013, but should then revert to a more usual mix.

Group Services revenue increased by 8.6 per cent on an as reported basis and by a strong 12.7 per cent in constant currency. This significant growth reflects our continued drive to increase the proportion of our total Group revenue that is generated from our Contractual Services offerings, thereby improving the visibility and predictability of that revenue. This year, above all others, has confirmed the fundamental importance of successful contract take-on and execution in generating significant Services margin. The encouraging increase of approximately 6.3 per cent in gross profit, delivered by Group Services in constant currency, was largely reflective of our ability to provide very high levels of Services execution throughout the year, in the UK.

We are extremely pleased with the performance and achievements of the UK Services business, which are significant and have ultimately proved to be the cornerstone of the Group's achievements in 2012. While we believe it is unrealistic to anticipate the same extent of Contractual Services growth in the UK in 2013, we are fully aware of the need to maintain these levels of execution and we are confident that the UK Services margin generated in 2012 is sustainable.

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



The Group's adjusted\* profit before tax fell by 4.0 per cent to £71.3 million (2011: £74.2 million). The impact of currency exchange rate fluctuations on the Group's profit levels was significant and, in constant currency, the Group's adjusted operating profit remained broadly flat on 2011 levels. The Group's adjusted diluted earnings per share ('EPS') fell by 3.5 per cent to 36.1 pence (2011: 37.4 pence). While we are disappointed that profitability levels have not increased in 2012, compound EPS growth over the past five years is still running at 14.3 per cent.

The Group incurred £3.9 million in exceptional items relating to one off costs of relocations for RDC and in France, as well as cost reduction initiatives during the final quarter of 2012 in Germany. Therefore, on a statutory basis, taking account of these exceptional items and amortisation of acquired intangibles, Group profit before tax decreased by 10.1 per cent to £64.8 million (2011: £72.1 million) and diluted EPS decreased by 17.6 per cent to 32.4 pence (2011: 39.3 pence).

Group profitability levels in 2012 were materially affected by the difficulties we experienced within our German business. These have been well-documented and were, to a significant degree, an illustration of what happens when our contractual terms and conditions, take-on and execution processes do not adhere to the standards we expect across the Group. An unusually high rate of contract wins towards the end of 2011 in Germany, stretched contract take-on resources to the point where processes failed and exposed weaknesses within our internal governance procedures. As a result, significant incremental cost was incurred by us in order to endeavour to achieve appropriate customer satisfaction levels. While we are very disappointed that this has occurred, we are confident that the actions we have taken in Germany in response to these issues, which have included a thorough review and alteration of our governance processes, were correct to ensure both the long-term interests of the Group's customers and shareholders and to start releasing the earnings potential of these contracts over the remainder of their lifetime. We are pleased to report that the early signs of improved Services performance in Germany were noted in the last quarter of the year and, whilst there remains much to be done, we anticipate further progress in the months ahead.

We see our larger customers looking to us to deliver our Services on an expanding, and even global, scale.



Our balance sheet position had strengthened significantly by the year-end. Net cash prior to customer specific financing ('CSF') at the end of 2012 was £147.3 million (2011: net cash of £136.8 million). Including CSF, net funds were £128.6 million (2011: £113.6 million). It should again be noted that these figures are flattered by approximately £34.0 million (2011: £45.0 million) from extended credit facility terms provided by one of our major suppliers. These terms, which have been in place for over three years, could be withdrawn at short notice.

The cash generative nature of Computacenter's business has resulted in a net cash balance in excess of our current needs. While we intend to continue to maintain a robust and prudent balance sheet, the Board believes that it is now appropriate to consider a return of capital to shareholders, in addition to the normal dividend. As soon as practicable in 2013, the Board intends to return up to £75 million to shareholders and we are exploring options as to the best mechanism to effect this return to all shareholders.

We are particularly pleased with our year-end cash position, given that further cash growth was achieved despite some significant capital investments during the year to further drive business growth. These investments included the delivery of efficiencies in our French logistics capability, by consolidating all of the previous facilities in Paris into a single function at Gonesse and investment into our French Head Office relocation. In addition, we have increased our investment in the upcoming French ERP migration, which we expect will occur in May 2013. Our strategic shift towards the provision of Services and Solutions has continued apace and we continue to invest materially in further developing our capabilities in this area. In particular, we are continuing to invest in additional Service Desk capacity and industry-leading tools to assist in automating remote infrastructure management.

The Board has decided to propose a final dividend of 10.5 pence, bringing the total dividend paid for 2012 to 15.5 pence, representing a 3.3 per cent increase on the 2011 total dividend paid of 15.0 pence. This regular dividend is consistent with our stated policy of maintaining dividend cover within our target range of 2 to 2.5 times. Subject to the approval of shareholders at the Annual General Meeting on 17 May 2013, the proposed dividend will be paid on 14 June 2013. The dividend record date is set on 17 May 2013 and the dividend will be marked ex-dividend on 15 May 2013.

We made one small acquisition towards the very end of the year with the addition of a Belgian company, NEWIS SA, and its subsidiary, Informatic Services IS SA, to the Group. We focused on consolidating those acquisitions that had been made in 2011, with Top Info in France now fully integrated into the French business, allowing us to maximise the opportunity of cross-selling our Services offerings to an expanded customer base. We continue to be pleased with the integration of, and ongoing contribution from, our Swiss business, originally named Damax, now Computacenter AG.

While acquisitions made by the Group during the past two years have helped us increase the scale of our offerings, we continue to focus on ensuring that we are well positioned to meet the demands of our customers and adjust our offerings to accommodate any changing demand trends within the IT market. For some time now, we have seen our larger customers outsourcing their IT infrastructure needs selectively, across the different IT disciplines and this continuing trend has helped to drive Computacenter's Contractual Services revenue growth.

# Award-winning Managed Services

## AstraZeneca's brief to Computacenter

### AstraZeneca

'Back in April 2011, when AstraZeneca took the decision to look for new IT partners, many people doubted that the ambitious timeframes for a transition on such a large scale could really be achieved. I am delighted to lead a team of AstraZeneca and supplier employees to deliver a really successful programme, delivering significant improvement for our customers. To have this recognised by the IT industry, via an award, is a real credit to everyone involved.'

Alex Small, Programme Director, AstraZeneca



#### Access to Skilled Resources

Computacenter provides customers with access to skilled resources to complement their own staff and deal with peaks in resource demand.



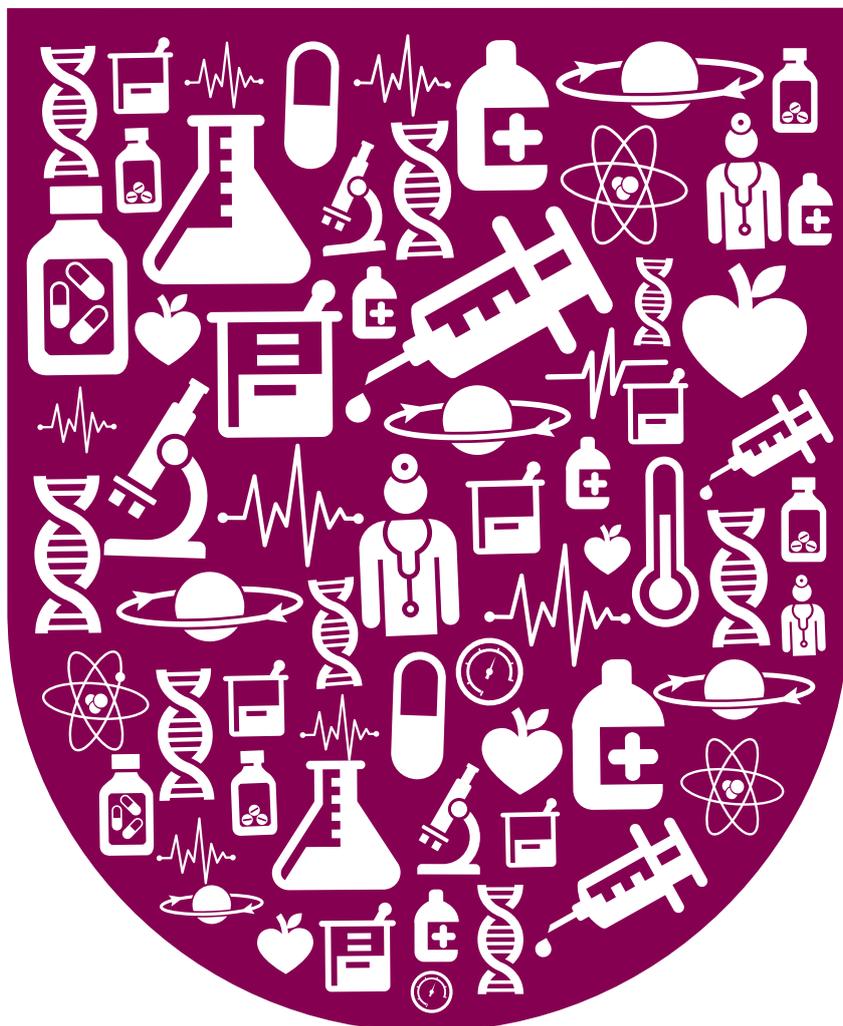
#### Continuous Improvement/Innovation

Computacenter works with customers to transform their IT, delivering competitive advantage, revenue growth and excellent customer service.



#### Growth/Business Change

Computacenter seeks to support customers with growth and business change challenges, by providing skills and technology to assist with change programmes.



## Operating review continued

We benefit from this segmentation of the market which allows us to compete, both in terms of size and offerings, in those selected areas where we confidently believe we have competitive advantage and can deliver value for our customers.

We see our larger customers looking to us to deliver our Services on an expanding, and even global, scale. In order to respond, we have made noteworthy additions to our Group Service Desk capacity, expanding our existing facilities in Berlin and Barcelona and investing into new facilities in Kuala Lumpur, Malaysia and Dallas, Texas. The last of these is a direct result of a material increase in the Services we are providing in the US, as evidenced by a circa 80 per cent increase in volume through our US business compared to 2011.

It is important to note that a majority of our Contractual Services wins in recent times have been second, or greater, generation outsourcing contracts. This proves that the growth of Computacenter's Contractual Services revenue is neither necessarily related to, nor capped at, that level seen by the market generally.

In order to drive further Managed Services growth, we continue to focus on end-user support to our largest customers and invest in tools and processes that make our Services offerings both more productive and automated. This will allow us to grow the level of our Services business across the Group, without a pro rata increase in headcount, meaning that we are able to compete more effectively in the market and pass on greater cost savings and efficiencies to our customers, whilst retaining margin.

During 2012, we further developed the use of our ERP system, particularly in the UK, enabling us to adopt a new Group-wide operating model, implemented in the UK and Germany since the start of 2013. Given that the system is now fully operational in the largest components of our overall business, we are confident that the migration in France, due in May 2013, will be smooth and that we will see further enhancements to the drive to industrialise our business take-on processes across the whole Group.

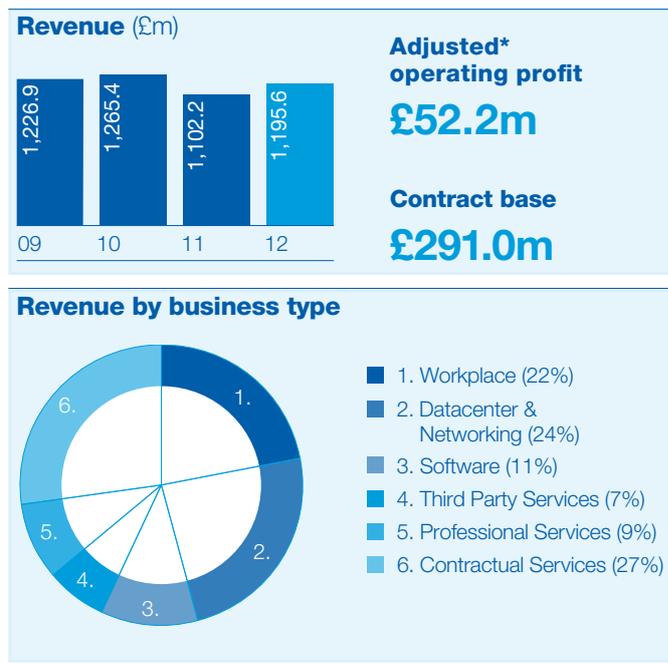
### Outlook

The Board expects 2013 to be a year of progress for Computacenter. It is difficult, at this early stage in the year, to work out by how much. Last year's performance in the UK presents us with a challenging comparison, particularly given the successful number of business take-ons, which will not be repeated in 2013. The solid UK Services margin position is likely to continue, albeit it will grow at a more modest pace. While the Group financial outcome for 2013 will be dependent on the in-year performance of Germany and the speed at which we recover from our problem contracts which is unpredictable, we are confident that these contracts will improve. More importantly, winning, contracting and taking on new contracts successfully, is more fundamental to the long-term growth of the business and its strategic development. This will be underpinned by our new Group operating model, which has taken effect in the UK and Germany, since the start of 2013.

The performance of our Supply Chain business, with its reliance on customer capital expenditure, is less significant to the Group as a whole than it once was, but for our French business, it remains critical. As such, a fragile economic environment in France is a cause for some concern.

Our pipeline for new business in the UK is significant, bringing growth prospects for 2014 and beyond, whilst the pipeline is beginning to grow in France and again in Germany. We therefore look forward with confidence.

## United Kingdom



2012 proved to be a very strong year for the UK business. Total revenue for the year increased by 8.5 per cent to £1,195.6 million (2011: £1,102.2 million) and adjusted\* operating profit was up by 40.2 per cent to £52.2 million (2011: £37.3 million). This significant growth has been delivered despite the broadly flat performance of the UK economy during the period and the negative impact that this has had on IT spend, most notably within the Public and Investment Banking sectors.

Our performance in 2012 was principally driven by the increased success of our Services business, which saw revenue grow by 15.3 per cent to £431.4 million (2011: £374.1 million) and Services gross profit grow by around one third. We are extremely pleased that, for the first time in Computacenter UK's history, over 50 per cent of total gross profit generated was delivered by our Services business. Our aspiration to continue to grow our Services business is predicated on the fact that revenue resulting from our Contractual Services offerings generally enjoys greater visibility and longevity.

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

Over recent years, we have made significant investment in our contract bidding and associated governance processes. We go to considerable lengths to scrutinise all aspects that could prevent the delivery of a high standard of service to our customers, as soon as practical after business take-on. Although it has taken us some time to reach the standards of service delivery to which we have for a long time aspired, both within the UK and as a Group, we have found that such standards are not easily achieved and maintained without appropriate planning, expertise and discipline. In 2012, within the UK business we reaped the benefit of our past efforts and investment in this area.

We have leveraged our central shared services infrastructure and delivery model to engage and deploy our capability and resources efficiently. Three large new contracts, firstly with a global provider of systems and services to the civil and defence aerospaces, a global infrastructure and media company, and AstraZeneca, a global research and pharmaceutical company, have been successfully implemented in the UK during the course of the year. The full revenue benefit of these contracts will be seen throughout 2013 and beyond. However, we are fully aware that the level of margin that we are able to generate from such contracts depends, to a large degree, on our ability to sustain the levels of execution that we managed to deliver in 2012.

Customers still value their IT independence and prefer to outsource their IT requirements selectively. Our ability to advise on, as well as transition and transform, their IT infrastructure to respond to their business goals and competitive pressures, is ensuring that we continue to win a significant number of second, or greater, generation outsourcing contracts. This allows us not to be solely reliant on new market growth in this sector. We continue to focus on sustaining this trend, which mitigates our exposure to a lack of market growth in this area and ensures that we perform competitively against our peers. We believe that this is borne out by the fact that, in a market where Gartner predicted no more than 2.8 per cent growth in IT services for 2012, our contract base over the course of the year grew by 18.9 per cent to £291.0 million (2011: £244.8 million). However, much of this new contract base has come from contracts won towards the end of 2011, but which only started to deliver revenue in 2012.

Our continual focus on customer satisfaction is of paramount importance to us, not only in the commencement of new contracts, but also over the life of contracts, as is evidenced by the significant number of Contractual Services extensions and renewals secured in the year, as well as additional, repeat engagements of our Professional Services. Our ability to deliver on customer satisfaction has been rewarded with the number one ranking within KPMG's UK Outsourcing Service Provider Performance and Satisfaction (SPSS) Survey for 2012. We additionally achieved top place for customer reference-ability and innovation within the same survey.

Supply Chain revenue was up by 5.0 per cent at £764.2 million (2011: £728.0 million), illustrating that it was the mix, as opposed to the volume of product being purchased by our customers that was the main contributing factor to a reduced profitability in this business. Our Supply Chain business can be impacted significantly by the short and medium term buying patterns of our customers, which are both difficult to forecast and reliant on external factors.

The Supply Chain business was underpinned by demand for Windows 7 transformations, particularly within the Retail Banking industry and Retail sector. These transformations additionally enabled our Professional Services business to grow revenues by 18.4 per cent, with significant engagements delivered into the same sectors.

Our IT redeployment and recycling subsidiary, RDC, successfully moved into its new and larger facility at Braintree, Essex at the start of the year and this has enabled further opportunities to deliver enhanced services to customers and improve earnings. Adjusted\* operating profit at RDC grew by 13.9 per cent during the course of the year and we look forward to continuing this growth.

While our UK performance in 2012 was very encouraging, the same rate of Contractual Services growth is unlikely to continue in 2013, but if we continue to provide a high quality of service and our delivery and execution remain as in 2012, we are confident that we can sustain these healthy Services margins in 2013.

Our ability to deliver on customer satisfaction has been rewarded with the number one ranking within KPMG's UK Outsourcing Service Provider Performance and Satisfaction (SPSS) Survey for 2012.



## Germany



### Revenue by business type



In 2012, total revenue for the German segment, in local currency, increased by 4.1 per cent to €1,473.1 million (2011: €1,415.3 million). A significant number of large Contractual Services wins towards the end of 2011 assisted in driving this growth and indeed, Services revenue in Germany increased by 8.7 per cent to €484.2 million (2011: €445.5 million). This growth came despite a strong Services revenue performance in the comparative year of 2011.

This material increase in Contractual Services wins, largely concentrated within the same period of late 2011, presented our German business with a number of challenges. The situation was exacerbated by the fact that the overall structure and contract take-on processes proved inadequate and inappropriate for dealing with such a significant number of Contractual Services wins at the same time. It became clear that the German business did not have a sufficient number of experienced staff required to deal with these challenges. Our efforts to address this issue were also hampered by a shortage of project, business take-on and contracting management resource and skills in the overall German workforce. However, significant incremental direct investment was made where deemed to be necessary and appropriate to safeguard our customers.

The direct investment required in overcoming these challenges has had a material impact on our profitability. Overall, adjusted\* operating profit for the year was reduced by 55.0 per cent to €14.4 million (2011: €31.9 million).

While we are disappointed that our Services margins reduced during 2012, we do believe that we took the correct approach in protecting our customer relationships, our reputation and the long-term interests of both the German business and the Group as a whole. We believe that this is illustrated by the fact that we have not suffered any customer attrition as a result of the issues outlined above. We further believe that we will derive benefit in Germany from the focused and robust review of our contract approval, take-on and governance processes.

The German contract take-on processes have now been directly aligned with those currently used in the UK, which have been developed and refined over many years. If one considers the UK's recent track record in this regard, we expect that this action should bring long-term protection to the business from the same issues being repeated in the future.

We also believe that the action taken to date has already brought early signs of stabilisation around the troubled contracts, as evidenced by improved service levels and increasing Services gross margins. Additionally, our Services profit margin for the last quarter in the period increased by 2.0 per cent, compared to the weak performance in the third quarter of 2012.

We have implemented additional indirect cost saving activities, which have been ongoing since the middle of the second quarter of 2012 and have resulted in indirect headcount reduction by close to 5.0 per cent from the position at the end of the first half of 2012. This has resulted in an exceptional charge of €1.8 million in 2012 and we expect that the resulting and ongoing efficiency gains and cost savings will reduce our cost base further in 2013, whilst incurring some exceptional charges.

We have reduced our focus on winning new Contractual Services business in Germany which has meant that we have been unable to take full advantage of the market opportunity arising from the growth in selective IT outsourcing. We believe that the action we have taken towards stabilising the troubled contracts deserved priority and that the revision of our take-on processes provides us with a more solid foundation, as well as the confidence to strengthen our pipeline and respond to market demand at the appropriate time.

We were pleased with the significant recognition we received for our Professional Services offerings, both in the areas of consultancy and implementation. Pierre Audoin Consultants ranked us as 'Best in Class' in the PAC Radar 'Workplace Management & Transformation' category, as one of the three leading Services providers in Germany. Our Professional Services activities have included supporting a large complex Infrastructure Transformation Project for KPMG Germany.

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

Our Supply Chain business grew by 2.0 per cent in local currency. This was in spite of the particularly strong comparative performance in 2011.

We are pleased with this performance, given that we are experiencing a general lack of economic confidence linked to the overall Eurozone uncertainty. Our Supply Chain business suffered from this slow-down, particularly during the second quarter of the year, but regained strength during the second half, to the extent where our Supply Chain revenue increased by 6.6 per cent in the second half, over the first half of the year.

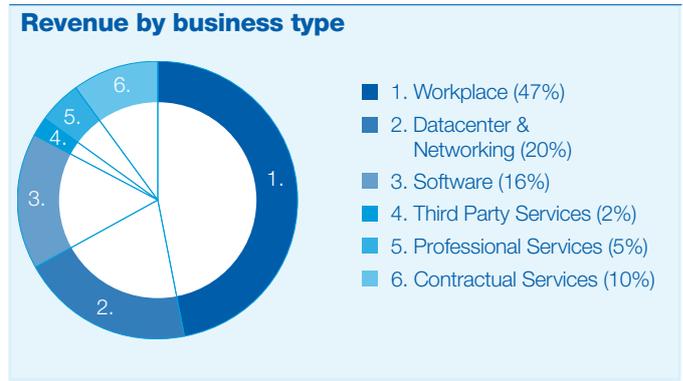
The market in general has been fairly stable, but is not showing comparable growth rates to those experienced in 2011. Demand for Windows 7 and any 'desktop of the future' offerings remains high, as it does for all Services and infrastructure needs to access Cloud services and technology. In this area, we are pleased with an accolade from the Experton Group, which ranked us as 'Cloud Leader' in the Cloud Consulting and Cloud Integration arena.

We were pleased with the significant recognition we received for our Professional Services offerings, both in the areas of consultancy and implementation.

Pierre Audoin Consultants ranked us as 'Best in Class' in the PAC Radar 'Workplace Management & Transformation' category



## France



In France, our overall revenue growth was 7.3 per cent, compared to 2011, which included nine months of Top Info, to €591.5 million (2011: €551.3 million). Supply Chain revenue grew by 5.4 per cent, to €500.3 million (2011: €474.5 million), although this was flat on a like-for-like basis.

Including the results for Top Info for the full year of 2012, we delivered an adjusted\* operating profit of €5.3 million (2011: €6.9 million). Although a weaker performance than last year, we are encouraged by the acceleration in performance during the second half of 2012 since, at the half way mark of 2012, profitability of the business was already trailing €1.1 million behind the same period in 2011.

We believe there remains a significant opportunity to deploy Computacenter's Services offerings to Top Info clients, but to date, other operational and market challenges have been our primary focus. We are encouraged that our Services business revenue grew by 18.7 per cent to €91.2 million (2011: €76.8 million), which provides a positive outlook for our Services business during 2013 and beyond.

As our focus can now turn to fully exploring our opportunity with Top Info customers, we have the prospect of enhancing our Services revenue mix even further. Overall, we view Top Info as a successful acquisition for our business in France. Top Info is now fully integrated, without the loss of any significant customers or important members of staff and without the need for material exceptional charges.

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

# Delivering to a mission critical customer





## Cisco

‘Computacenter manages, moves and changes at around 140 sites across 40 countries, including two data centres in Amsterdam that host the company’s website, and fulfils all cabling moves and changes. By working with Computacenter, we can be confident that the business has a robust and reliable cabling environment.’

Ian Foddering, Chief Technology Officer and Technical Director, Sales Channels, Cisco



### Cisco's brief to Computacenter



#### Risk Avoidance

Computacenter works with customers to help them manage and mitigate risk through the use of proven and ITIL compliant processes.



#### Cost Reduction

Computacenter seeks to work with customers to reduce cost through managing costs (more for less), making capital funds available and providing flexible commercial models.



#### Access to Skilled Resources

Computacenter provides customers with access to skilled resources to complement their own staff and deal with peaks in resource demand.

Our growth and earnings were challenged in the first half of 2012 by resource demand from the high number of Contractual Services take-ons from wins during late 2011 and a degree of under-utilisation following the natural end of very profitable warranty maintenance agreements.

The second half of 2012 saw us complete a relocation of our Head Office in the north of Paris, with a consolidation of some other office locations into a single building. This was followed by the fit-out of a newly designed logistics facility, into which a variety of other storage facilities were merged. The logistics consolidation and redesign will significantly improve the efficiency of our logistic functionality. There were no customers lost during this significant change period and even at this early stage, following the warehouse relocation, some of our larger customers have commented positively on the service improvement delivered by our configuration and delivery functions.

These material changes to our offices and logistic facilities, together with a full 12 months of Top Info costs, were the primary contributors to the 3.2 per cent increase in SG&A in our business, costs which we view as investment into the overall efficiency and productivity of the business.

The strong Services revenue growth was driven, as anticipated, by the healthy Contractual Services base growth in 2011 of 23.9 per cent. We predicted that 2012 would not bring material expansion to our Contractual Services base, for the reasons already set out, but also due to the renewal demands we knew the year would present. We are delighted that our long standing customer, a world leader in gases for industry, health and the environment, present in 80 countries and with 46,200 employees, has recently awarded us a renewed three-year contract, with the option to renew for a further two years. This contract will not only utilise both our Managed Services and Supply Chain offerings, but together with the customer, we aim to further develop and expand our current Service Desk capability, ultimately benefiting the Group as a whole.

2013 will also bring challenges, the most significant of which is our migration to the Group ERP system, anticipated to be completed by the end of the first half of 2013. We expect that the change programme arising from the migration will be demanding, as will some large contract renewals due this year. However, with the major steps we have taken in strengthening our facilities and our increased credibility in the market, we are confidently planning Contractual Services growth in the second half of the year, which should deliver benefit from 2014 and beyond.

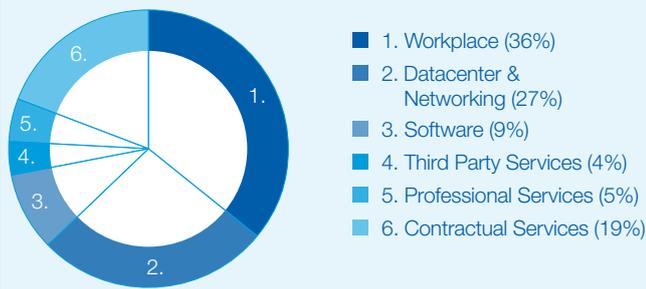


A world leader in gases for industry, health and the environment, has recently awarded us a renewed three-year contract, with the option to renew for a further two years.

## Belgium



### Revenue by business type



Our Belgium operation has again delivered a very strong performance, building further on its outstanding year in 2011, with adjusted\* operating profit increased by 29.8 per cent to €2.3 million (2011: €1.8 million).

Overall revenue in the year increased by 13.4 per cent to €56.1 million (2011: €49.5 million), with our Supply Chain business growing by 9.6 per cent to €42.6 million (2011: €38.9 million) and the Services business growing by a very pleasing 27.2 per cent to €13.5 million (2011: €10.6 million).

Although we experienced growth in both our Professional and Contractual Services businesses, the growth in the latter business was particularly healthy at 22.8 per cent. This improves the quality of our revenue significantly, providing us with longer-term performance visibility. As an example, Baloise Insurance, part of the Swiss based Baloise Group, awarded Computacenter Belgium a three-year desktop Managed Services contract.

We also continue to experience an increasing degree of trust in our capability to deliver innovation across more diverse geographies. A global leader in the cosmetics industry has awarded us a contract to supply, build and support interactive, in-store, skin health diagnostic kiosks across a large number of their European retail sites, using Apple equipment.

Despite the growth in the year in our Supply Chain business, this growth trend weakened over the last quarter, largely due to a challenging comparison from an exceptional performance in the fourth quarter of 2011. In part, however, and as previously mentioned, the rate of growth we have experienced over the last year is not likely to be sustained and our current efforts are directed at stabilising our revenue base.

Whilst our improved quality of revenue will assist us in slowing market conditions, we are very encouraged by our recent acquisition of NEWIS SA and its subsidiary Informatique Services IS SA, both based in Louvain-la-Neuve, Belgium. This acquisition is too recent to have made any contribution to our 2012 performance, but it bodes well for the future, with a strong synergy between their customers and those of Computacenter, as well as bringing fresh Managed Services offerings to align to our current portfolio.

**Mike Norris**  
Chief Executive Officer

11 March 2013

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

# Protecting data



## SWIFT's brief to Computacenter



### Growth/Business Change

Computacenter seeks to support customers with growth and business change challenges by providing skills and technology to assist with change programmes.



### Continuous Improvement/Innovation

Computacenter works with customers to transform their IT, delivering competitive advantage, revenue growth and excellent customer service.



### Cost Reduction

Computacenter seeks to work with customers to reduce cost through managing costs (more for less) making capital funds available and providing flexible commercial models.



## SWIFT

‘Our service level agreements with Computacenter allow us to provide the same level of service globally to all of our internal customers. Using ITIL best practice, Computacenter has both standardised and improved the level of service, while a contractual cost reduction plan is helping SWIFT to reduce service costs year-on-year.’

Werner Hellinckx, Head of Enterprise Applications Operation, SWIFT



# Finance Director's review

## Turnover and profitability

In 2012, Computacenter Group delivered further turnover growth, although our record of profitability growth was interrupted by the difficulties we experienced in our German business.

At a headline level, turnover grew by 2.2 per cent to £2.91 billion, although on a constant currency basis turnover growth was 6.5 per cent. Adjusted\* profit before tax reduced by 4.0 per cent from £74.2 million to £71.3 million, albeit the impact of exchange rates accounts for the vast majority of this reduction.

After taking account of exceptional items and increased amortisation of acquired intangibles following our acquisitions in the prior year, statutory profit before tax decreased by 10.1 per cent from £72.1 million to £64.8 million.

The Group profitability performance was mixed across our main geographies. The UK experienced a 40.2 per cent increase in adjusted\* operating profit, which was offset by a 58.0 per cent reduction in our German business due to difficulties in business take-on, and a 28.8 per cent reduction in France, which experienced difficult market conditions, in particular in the first half of 2012.

## 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 3) to the financial statements. For the purposes of this statement, all subsequent references are to adjusted measures.

## United Kingdom

UK revenues grew in 2012 by 8.5 per cent, increasing to £1,195.6 million. Supply Chain revenues increased by 5.0 per cent, driven by the demand for workplace and Windows 7 roll-outs, which in turn generated 18.4 per cent growth in Professional Services revenues. Contractual Services revenue growth of 14.4 per cent was achieved following a number of significant contract wins in Q4 2011 that were successfully taken on in 2012. Overall, therefore, Services revenues grew by 15.3 per cent.

Whilst there was a lower margin in the Supply Chain business from a greater mix of workplace product sales, the improved service margin mix in the UK resulted in an adjusted\* gross profit increase from 15.2 per cent to 15.4 per cent of sales. Adjusted operating expenses ('SG&A') rose by 1.3 per cent, significantly less than our gross margin improvement.

Overall, this has resulted in a 40.2 per cent increase in adjusted\* operating profit from £37.3 million to £52.2 million.

**Tony Conophy**  
Finance Director



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

## Sustainable revenue growth

**Table 1**  
**Group Revenues £m**

	Half 1	Half 2	Total
2010	1,288.8	1,387.7	2,676.5
2011	1,365.3	1,487.0	2,852.3
2012	<b>1,422.3</b>	<b>1,491.9</b>	<b>2,914.2</b>
2012/11	4.2%	0.3%	2.2%

**Table 2**  
**Adjusted\* profit before tax £m**

	Half 1	%	Half 2	%	Total	%
2010	21.2	1.7	44.9	3.2	66.1	2.5
2011	26.6	1.9	47.6	3.2	74.2	2.6
2012	<b>24.0</b>	<b>1.7</b>	<b>47.3</b>	<b>3.2</b>	<b>71.3</b>	<b>2.4</b>
2012/11	-9.8%		-0.6%		-4.0%	

**Table 3**  
**Revenues by segment £m**

	2012		2011	
	Half 1	Half 2	Half 1	Half 2
UK	<b>578.2</b>	<b>617.4</b>	547.3	554.9
Germany	<b>591.0</b>	<b>602.8</b>	580.4	648.2
France	<b>226.8</b>	<b>252.5</b>	219.7	258.9
Belgium	<b>26.2</b>	<b>19.2</b>	17.9	25.0
<b>Total</b>	<b>1,422.3</b>	<b>1,491.9</b>	1,365.3	1,487.0

### Germany<sup>Δ</sup>

The pace of growth in our German business reduced in 2012. Revenue, as reported, contracted in 2012 by 2.8 per cent to £1,193.8 million (2011: £1,228.6 million), albeit in local currency revenue increased by 4.1 per cent.

Following two very strong years of growth, Supply Chain revenues consolidated in 2012, increasing by a modest 2.0 per cent, with the majority of the growth in German revenues generated in Services, which grew by 8.7 per cent.

However, during the year, losses in excess of €12 million were generated during the take-on phase of a number of contracts. Our main focus during 2012 has been to stabilise these contracts, and performance has started to improve in the fourth quarter of 2012 as a result.

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

As a consequence, the gross margin return of the business reduced significantly by 1.3 per cent to 11.5 per cent. SG&A had increased through 2011 and the first quarter of 2012. However, following a period of stabilisation in the middle of the year, there was a reduction in SG&A headcount and expenses in the latter part of 2012, and accordingly a €1.8 million charge for redundancy expenses was incurred, which has been disclosed as an exceptional item.

Overall, the German segment operating profit reduced by 58.0 per cent from £27.7 million to £11.6 million as reported, a reduction of 55.0 per cent in local currency.

**Table 4**  
**Adjusted\* operating profit by country £m**

	2012			
	Half 1	%	Half 2	%
UK	17.6	3.0	34.6	5.6
Germany	5.4	0.9	6.2	1.0
France	(0.8)	(0.3)	5.1	2.0
Belgium	1.0	3.8	0.9	4.7
<b>Total</b>	<b>23.2</b>	<b>1.6</b>	<b>46.8</b>	<b>3.1</b>

	2011			
	Half 1	%	Half 2	%
UK	16.7	3.0	20.6	3.7
Germany	8.4	1.4	19.3	3.0
France	0.2	0.1	5.8	2.2
Belgium	0.3	2.0	1.2	4.8
<b>Total</b>	<b>25.6</b>	<b>1.9</b>	<b>46.9</b>	<b>3.2</b>

## France<sup>Δ</sup>

The revenue in the French segment increased by 7.3 per cent in the year. Supply Chain revenue increased by 5.4 per cent, although the majority of this growth was due to the full year impact of the acquisition of Top Info SAS in 2011. Following a series of Contractual Services wins in 2011, Services revenue grew by 18.7 per cent.

The gross profit return in 2012 has been impacted by the scale of Contractual Services take-ons and lower margins from service delivery arrangements supporting customers on behalf of other parts of the Group, reducing from 10.6 per cent to 9.9 per cent. In absolute terms, gross profit is in line with 2012.

SG&A expenses have increased by 3.2 per cent, although the 2011 comparative includes only three quarters from our Top Info acquisition, and there are some additional costs from the projects undertaken to integrate Top Info, relocate the warehouse and office facilities in Paris, and implement our Group ERP system in France.

Overall, adjusted\* operating profit in France has therefore reduced by 23.7 per cent in local currency, equating to a reduction of 28.8 per cent as reported from £6.0 million to £4.3 million in 2012.

## Belgium<sup>Δ</sup>

Reported revenue increased by 5.8 per cent to £45.5 million (2011: £43.0 million) equating to an increase of 13.4 per cent in local currency. Whilst Supply Chain revenue increased by 9.6 per cent, Services revenue growth was a pleasing 27.2 per cent.

Due to the increasing service mix of the business, gross profit return on sales for Belgium overall improved from 10.7 per cent to 11.0 per cent. However, SG&A increased by 8.6 per cent, albeit at a lower rate than our overall gross profit, mainly due to increased commission costs from the improvement in gross margin.

Therefore, operating profit improved from £1.6 million in 2011 to £1.9 million in 2012. In addition, on 28 December 2012, Computacenter purchased NEWIS SA and its subsidiary, Informatic Services IS SA, both based in Louvain-la-Neuve, Belgium, albeit this acquisition did not contribute to the result of the Group in 2012.

## Exceptional items

During the year, Computacenter France consolidated its operations in a new office and began the move to a new warehouse. In January 2012, 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 exceptional items relate principally to:

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

<sup>Δ</sup> Unless specifically stated, comments on growth rates in overseas segments are stated in local/contrast currency.

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

In the second half of 2012, Computacenter Germany undertook a programme to reduce its SG&A 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.

### Finance income and costs

Net finance income of £0.2 million was earned on a statutory basis in 2012 (2011: net finance income of £0.2 million). This takes account of finance costs on CSF of £1.1 million (2011: £1.5 million). On an adjusted basis, prior to the interest on CSF, net finance income decreased from £1.7 million in 2011 to £1.3 million in 2012.

### Taxation

The effective adjusted tax rate for 2012 was 23.3 per cent (2011: 21.7 per cent). The deterioration was due to a lower mix of overseas earnings in 2012 compared to 2011. However, the Group's tax rate continues to benefit from losses utilised on earnings in Germany and this year in France and further benefits from the reducing corporation tax rate in the UK.

Deferred tax assets of £15.7 million (2011: £15.4 million) have been recognised in respect of losses carried forward. In addition, at 31 December 2012, there were unused tax losses across the Group of £115.5 million (2011: £125.6 million) for which no deferred tax asset has been recognised. Of these losses, £61.6 million (2011: £68.5 million) arise in Germany, albeit a significant proportion have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

### Earnings per share and dividend

The adjusted\* diluted earnings per share has reduced in line with profit performance by 3.5 per cent from 37.4 pence in 2011 to 36.1 pence in 2012. Due to the impact of exceptional charges in 2012, and exceptional tax credit in 2011, the statutory diluted earnings per share has reduced from 39.3 pence in 2011 to 32.4 pence in 2012.

The Board is recommending a final dividend of 10.5 pence per share, bringing the total dividend for the year to 15.5 pence (2011: 15.0 pence). Subject to the approval of shareholders at the Annual General Meeting (AGM) on 17 May 2013, the proposed dividend will be paid on 14 June 2013. The dividend record date is set on 17 May 2013 and the dividend will be marked ex-dividend on 15 May 2013.

### 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 (together 'IS') for an initial consideration of €2.3 million and a contingent consideration of €0.6 million dependent on future performance. The net book value of the assets acquired included €0.1 million of net cash and bank loans. The costs of acquisition amounted to €0.1 million and are included in the income statement. IS is based in Belgium and is a provider of infrastructure services including end-user support and system administration.

During the first half of 2011, the Group acquired Top Info SAS and HSD Consult GmbH and during the second half of 2011, the Group acquired Damax AG. For each of these acquisitions, the book and provisional fair values of the net assets acquired that were disclosed in note 16 of the 31 December 2011 Annual Report and Accounts are now final and are unchanged.

### Cash flow

The Group's trading net funds position takes account of current asset investments and factor financing when the Group entered into such facilities, but excludes CSF. There is an adjusted cash flow statement provided in note 30 that restates the statutory cash flow to take account of this definition.

Net funds excluding CSF increased from £136.8 million to £147.3 million by the end of the year. The Group continued to deliver strong cash generation from its operations in 2012, with adjusted operating cash flow of £85.2 million (2011: £95.5 million). In the year, we spent over £30 million on capital expenditure, such as the relocation of our French warehouse and offices in Paris, and further investment in the tools and systems that support our Services business, and underpin that growth.

## Finance Director's review continued

This warehouse relocation and the integration of Top Info in France, together with a general increase in accrued income associated with significant contract take-on activity, resulted in a working capital deterioration during the year. However, these issues were resolved by the year-end and as a consequence, the net funds position at the end of the year was strong.

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 £34.0 million at 31 December 2012, a decrease of £11.0 million from December 2011.

CSF reduced in the year from £23.1 million to £18.7 million partially due to a decision to restrict this form of financing in the light of the credit environment and reduced customer demand. Taking CSF into account, total net cash at the end of the year was £128.6 million, compared to £113.6 million at the start of the year.

### Return of capital

The cash generative nature of Computacenter's business has resulted in a net cash balance in excess of our current needs. While we intend to continue to maintain a robust and prudent balance sheet, the Board believes that it is appropriate to consider a return of capital to shareholders. During the course of 2013, the Board intends to return up to £75 million to shareholders and we are exploring options as to the best mechanism to effect this return for 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 customers' 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 26 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. The Group's policy remains that no trading in financial instruments shall be undertaken.

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

### Interest rate risk

The Group finances its operations through a mixture of retained profits, cash and short-term deposits, 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. 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.

### 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 2012, and at the year-end was £147.3 million excluding CSF, and £128.6 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.

At 31 December 2012, the Group had available uncommitted overdraft facilities of £20.3 million (2011: £15.9 million).

Should it be necessary, the Group will seek to enter into committed facilities.

The Group manages its counterparty 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.

Customer specific financing facilities are committed.

#### Foreign currency risk

The Group operates primarily in the UK, Germany, France, and with smaller operations in Belgium, Luxembourg, Switzerland, Spain and South Africa. 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. In each country a small proportion of the sales are made to customers outside those countries. For those countries within the Eurozone, the level of non-Euro denominated sales is very small and, if material, the Group's policy is to eliminate currency exposure through forward currency contracts. For the UK, the majority of sales and purchases are denominated in Sterling and any material trading exposures are eliminated through forward currency contracts.

The value of contracts where service is provided in multiple countries has increased. 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 eliminates currency exposure for a foreseeable future period on these future cash flows through forward currency contracts. In 2012, the Group recognised a gain of £0.5 million (2011: charge 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.

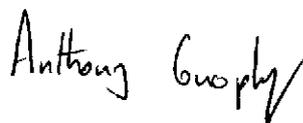
#### Credit risk

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 3 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, after due consideration and investigation, and having taken account of the intended cash return, a reasonable expectation that the Group has sufficient cash resources and available facilities to meet its financial obligations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.



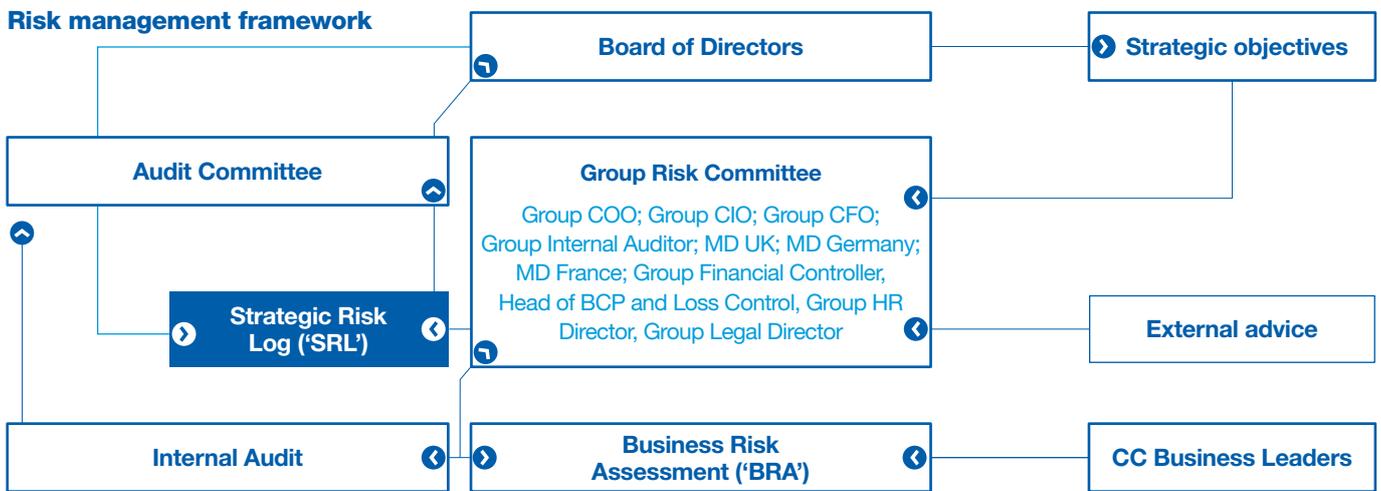
#### Tony Conophy

Finance Director

11 March 2013

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

# Risk management



The light blue represents changes to the framework since the last Annual Report.

## Strategic objectives



## Principal risks

- Our offerings may transpire to be uncompetitive within the market or an unforeseen or sudden technology shift occurs where the market develops appetite for different equipment and solutions to those offered. Conversely, we could be motivated into investing significantly into an offering which transpires to amount to no more than hype.
- Our growth aspirations are impacted by the economic climate and with a certain level of uncertainty about a full return to economic stability in the short term there is the potential for reduced capital expenditure from customers.
- Following significant progress over the years in reducing working capital through the disposal of the distribution business, as well as other working capital optimisation initiatives, a material increase in working capital demand could harm further progress in this regard.

## Principal mitigations

- We formally review all lost bids and most won bids to ensure that we keep abreast of customer expectation from their IT Services and Solutions provider. We formally review our internal service providers against price points and benchmarked service quality standards. We tend to invest selectively into new offerings and only when they will be complementary to our overall Services suite of offerings.
- We believe that our offerings are targeted specifically towards being beneficial to our customers who are looking to reduce costs, and an uncertain economic climate therefore tends to favour our Contractual Services aspirations. We operate within different economies that are affected differently, at different times and our balance sheet remains healthy.
- There is continued focus on working capital controls in each country at all levels, supplemented by a rigorous, target-based incentivisation system. In future, the ERP system will facilitate a common approach to working capital management, across the Group, through best practice and other working capital control adoption.

Our Group Risk Committee ('GRC') convenes quarterly, and within the revised structure, will be chaired by the new Group Chief Operating Officer. The GRC is a sub-committee of the Group Executive Committee and the minutes of all of the GRC meetings are included within the information packs distributed to the Group Audit Committee members.

The GRC is responsible for compiling, monitoring and developing the Strategic Risk Log ('SRL'). In this regard, the Committee receives guidance from external advisers and the results of the annual Business Risk Assessment ('BRA'), which is executed by all the business leaders across the Group.

Ownership of the risks within the SRL is shared amongst the GRC members and mitigation of those risks is monitored at the quarterly meetings. A Key Risk Indicator 'dashboard' is in the process of development with the aim of being able to provide 'at a glance' information on the effectiveness of both mitigation measures and any variation in risk size. The SRL also serves as a material driver in determining the priority allotted within the Internal Audit Plan. The Group Internal Auditor provides the Group Audit Committee with feedback on the risk control measures being monitored and confirmation that the assessment of risk is made at a senior level.

Going forward, the Board has agreed to scrutinise the management of the risks contained on the SRL, by engaging in discussion on five specific risks on the log, per Board meeting from May 2013 onwards. Such scrutiny will assist the executive team in prioritising the various risk mitigation strategies. To date, the Board has actively participated in assessing risks and suggesting suitable mitigation for implementation by the executive team. For example, the Board has dedicated much effort into overseeing the implementation of enhanced succession and talent development plans over the last two years, as it has recognised that a lack of management reserve with ability would be detrimental to the continuity of the organisation's growth aspirations.

The agenda of items considered at a GRC meeting also includes: Health and Safety, Insurance and Liabilities, Business Continuity and IT Disaster Recovery, Corporate Sustainable Development and Internal Audit reports.

Some of the risks contained on the SRL are detailed below, aligned to the strategic objectives they could potentially impact most.

**Reducing cost through increased efficiency and industrialisation of our Services operations**

- Failure to utilise established and repeatable processes, specifically designed for increased efficiency, can result in poor service delivery and threaten reputation. Margin erosion and significant cost increases need to be incurred to recover stability. The comprehensively reported contract take-on challenges in Germany during 2012 was an unfortunate manifestation of this threat.
- Driving culture change from being a fragmented, country specific focused organisation to becoming a single Group, could prove challenging and time consuming to embed.

**Growing our profit margin through increased Services and high-end Supply Chain sales**

- Resource demands could arise when transitioning multiple new service business opportunities at or around the same time. Conversely, resource surplus could result where a contract reaches end of term and is not renewed.
- Our vendor partners compete in the high-end sales environment and approach our customers directly. A challenged economy does tend to impact Supply Chain activity adversely.

**Ensuring the successful implementation of the Group-wide ERP system**

- With a project of this scale there is the potential that during early transition operational issues could occur which impact on customer service levels and ultimately, overall financial performance of the Company.

- We have established a task force to stabilise the challenged contracts in Germany. Progress of this work is monitored by the Board at each meeting. At the same time, a significant level of focus is applied to ensuring that the same service operation processes are available and applied, across the whole Group.
- Organisational change where only the sales and customer facing functions remain in country and all operational and business support activities are driven from central Group functions, should facilitate and expedite the culture change required.

- We have an established transition and transformation activity programme with access to additional resources as necessary utilising our Master Vendor relationship which caters for bridging any capability and capacity concerns that may arise. End of contract term exposures are reviewed well in advance and planning for the redeployment of resource is prioritised.
- Senior management work very closely with our leading partners and customers in order to continually promote and protect the value we bring to the customer. Computacenter's customers demand optimisation of their IT infrastructures and to this end, vendor independent solutions are imperative.

- The transition of the various systems has been phased over a period of circa three years, with the other countries providing back-up support to the transitioning country. Lessons learnt from 2011 transitions in Germany and the UK will be deployed in future countries.

# Corporate Sustainable Development ('CSD')

## Our commitment

Computacenter recognises that our people and the societies and environment within which we operate are integral contributors to delivering value and supporting our key strategic aspirations.

Whilst we pride ourselves on the provision of technologically advanced information solutions, we recognise that our business occurs within a wider community including employees, shareholders, customers, suppliers, business partners and the natural environment as a whole.

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, followed by our second, third and fourth CoPs in April 2010, 2011 and 2012. Additionally, the Group retains its membership of the FTSE4Good Index Series. The Group's CSD Policy is annually reviewed by the highest governance structure, the Group Board, and the policy is executed and monitored through the facilitation of the Group CSD 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.

We support public accountability and will publish, as part of our annual Business Review, a Report on Progress. We are also communicating our sustainability efforts and achievements with all our shareholders in the Annual Report and Accounts, as well as on our Company website. We believe that what is not measured is not effectively managed and in line with this, we are endeavouring to identify at least one standard indicator ('SI'), as recognised by the Global Reporting Initiative ('GRI'), per core principle. In this regard, we recognise that suitable GRI data for capturing across the Group will only be available once we have fully embedded our SAP ERP system, Group-wide. 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 principles. We have already secured support from the majority of our suppliers and contractors, but we acknowledge that this is an ongoing task.



**Mike Norris**

Chief Executive Officer

11 March 2013

## Responsible growth



### East Kent Hospitals University

East Kent Hospitals University NHS Foundation Trust serves a wide geographical area. With its main hospital sites some miles apart, the trust's clinicians frequently had to travel to attend meetings and conduct training sessions. The trust recognised travelling was not an efficient use of clinicians' time. In addition to the impact on productivity, the trust was also keen to reduce travel expenditure and its impact on the environment.

The trust partnered with Computacenter to design, implement and support a sophisticated video-conferencing solution. The solution includes high-definition displays to enable clinicians to share images from the hospital's Picture Archiving and Communications System, such as x-rays and scans. The quality of the images is crucial for accurate diagnosis.

'The video-conferencing project has demonstrated how investment in technology can help reduce costs, increase efficiency and improve patient care. This was a groundbreaking project for us, which has proved to be a great success thanks to the collaboration and hard work of all involved.'

Tracey Miles,  
Head of Supplies & Procurement,  
East Kent Hospitals University, NHS Foundation Trust

## General overview of 2012

During the whole of 2011 and 2012, Computacenter was actively involved in designing and implementing a Group-wide SAP ERP system. Both our UK and Germany operations have migrated onto this single platform, with our France operation due to migrate over the course of the first half of 2013. Much resource and time was, and continues to be, dedicated to this project and we are pleased, in light of these demands, to have managed to maintain our CSD standards and not allowed them to deteriorate. Our longer-term aspirations are to improve our CSD standards.



## Human rights

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

#### 2012 objectives and achievements – SI not formalised

- Maintain human rights awareness through the Company's 'Principles of Employee Behaviour'
- ✓ In Germany, 16 workshops were attended by the management team where Human Rights and Leadership issues were highlighted
- ✓ In France, more than 500 members of staff were trained on sustainable development principles

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

#### 2012 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 reduced to 0.79 (2011: 0.95) and the average AFR declined to 0.44 (2011: 0.52)
- ✓ In Germany, the average AIR reduced to 0.99 (2011: 1.35) and the average AFR declined to 0.55 (2011: 0.76)
- ✓ In France, the average AIR increased to 1.41 (2011: 1.36) and the average AFR declined to 0.76 (2011: 0.78)
- 100 per cent of French management to attend the Stress Prevention awareness workshop

- ✓ 'Principles of Employee Behaviour' information is available on all intranets across the Group

#### 2013 objectives

- Maintain human rights awareness through the Company's 'Principles of Employee Behaviour'
- Enhance focus through a Sustainable Development Principles week in April 2013, in France
- Further extend the LEO (Lebensereignisorientierte Mitarbeiterentwicklung) programme in Germany, with a roll-out of a 'Healthy Leadership' module

- ✗ 75 per cent of French management attended the Stress Prevention awareness workshop

- Establish an e-learning platform in Germany to facilitate the availability to all of a variety of health and safety presentation awareness modules

- ✗ e-learning platform not yet finalised and remains subject to further discussions with the Works Council

#### 2013 objectives

- Maintain the AIR at below 2.5 and the AFR at below 1.0
- Establish an e-learning platform in Germany to facilitate the availability to all of a variety of health and safety presentation awareness modules

\* 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

#### 2012 objective and achievements – SI not formalised

- Continue to maintain key and new vendor assessments through the vendor conformance questionnaire and monitor the returns
- ✓ The Supplier Assessment questionnaires returned are all reviewed for bribery exposure and this information is shared between the various companies in the Group

- ✓ Revised questionnaires have been drafted in Germany. In France a new questionnaire was circulated to vendors.

#### 2013 objective

- Continue to maintain key and new vendor assessments through the questionnaire and monitoring of the returns



## Labour standards

### 3. Uphold employees' freedom of association

#### 2012 objectives and achievements – SI not formalised

- Maintain current status and reassess vendor conformance, through the review of questionnaire responses
- ✓ Revised questionnaires have been drafted in Germany. In France a new questionnaire was circulated to vendors.
- Initiate new Works Council activities and processes

- ✓ Positive interaction with a Works Council and an agreement on Stress in The Workplace concluded in France

#### 2013 objective

- Maintain current status and reassess vendor conformance, through the review of questionnaire responses and maintain positive interaction with all Works Councils



### Labour standards continued

#### 4. Eliminate all forms of forced and compulsory labour

##### 2012 objectives and achievements – SI not formalised

- Maintain current status and reassess vendor conformance, through the review of questionnaire responses
- ✔ Revised questionnaires have been drafted in Germany. In France a new questionnaire was circulated to vendors.

##### 2013 objective

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

#### 5. Abolish all forms of child labour

##### 2012 objectives and achievements – SI not formalised

- Continue to develop young careers
- ✔ In the UK, the graduate development programme was repeated with a further intake of six graduates. The Handelsblatt fund Junge Carriere's seal of a Fair Company was retained at Computacenter Germany and the Exploras programme, which regulates the conditions for working students at Computacenter Germany, was continued

##### 2013 objective

- 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

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

##### 2012 objectives and achievements – SI = Increase in staff utilisation of the UK Benefits@Computacenter website

- Re-evaluate the benefits plan in the UK for competitiveness from suppliers
- ✔ All benefit suppliers were reviewed and enhanced offerings incorporated onto the 'Benefits Choice' platform
- Consider a programme in the UK to focus on 'work-life' balance
- ✔ Work-life balance awareness week arranged and corporate fitness club rates promoted
- Increase awareness about the availability of the Employee Assistance Scheme ('EAP') in the UK
- ✔ Awareness programme launched on UK Company Intranet explaining the availability of the EAP to staff
- Prepare the UK pension scheme for the automatic enrolment process

- ✔ The UK pension scheme is 'automatic enrolment ready' for the April 2013 'go-live'
- Progress the gender equality agreement reached with the employee representatives in France
- ✔ Agreement reached
- Sign up to the French government initiative, Parenthood Charter and commence initial actions aligned to the charter's principles
- ✔ Signed up to the Charter and implementation of the principles underway

##### 2013 objectives

- In France, reinforce awareness during the Sustainable Development week and concluded a mandatory negotiation on the gender equality agreement
- Continue the Family Service offering in Germany



### Environment

#### 7. Apply precaution to activities which can impair the environment

##### 2012 objectives and achievements – SI not formalised

- Continue to monitor the energy consumption levels at the Group Head Office and the CO<sub>2</sub> emissions of the UK and Germany vehicles, with the aim of improving further
- ✔ Energy consumption, per head, at the Group Head Office reduced marginally over 2012, but encouragingly, an estimated 64 million kwh Green Climate Change Exempt electricity was purchased for all the UK locations, including the data centres
- ✔ The average CO<sub>2</sub> emitted per UK fleet vehicle reduced further. In Germany, the 'Green Fleet' programme was expanded.

- Achieve certification to ISO 14001 level 2 of the 1, 2, 3 Environmental Standards in France
- ✔ Certification to ISO 14001 level 2 achieved
- Relocate French Head Office and warehouse to 'friendlier' environment facilities
- ✔ Relocation completed

##### 2013 objectives

- Continue to monitor the energy consumption levels at the Group Head Office and the CO<sub>2</sub> emissions of the UK and Germany vehicles, with the aim of improving further
- Achieve certification to ISO 14001 level 3 of the 1, 2, 3 Environmental Standards in France



## Environment continued

### 8. Undertake initiatives to promote greater involvement in the community

2012 objectives and achievements – SI = Track and monitor charity fundraising activities

- Exceed the current level of charity fundraising activity
- ✘ Employees in the UK raised nearly £73,612 (2011: £83,000) during 2012, for the chosen charity partners. Support for the Hertfordshire Fire and Rescue dogs continued as well as support as a founding member of Herts 100
- ✔ Computacenter France continued its support to NGO Aide et Action
- Continue to track and monitor charity fundraising activities and awards of note

- ✔ Group subsidiary and re-use and recycling specialists, RDC, joined a select band of organisations to have won all three Queens Awards, following the most recent grant of the prestigious Queens Award for Enterprise for International Trade in 2012

#### 2013 objectives

- Aim to improve on the current level of charity fundraising activity
- Continue to track and monitor charity fundraising activities

### 9. Encourage the development of environmentally friendly technologies

2012 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 2012, 12.53 per cent (2011: 16.10 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

- ✔ Green IT Advisory services in France extended to recycling and WEEE compliance offerings and innovative work station virtualisation projects

#### 2013 objective

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



## Anti-corruption

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

2012 objectives and achievements – SI not formalised

- Maintain an awareness of anti-bribery and the prohibition of improper business practices and comprehensively investigate all reported instances of suspected improper practices. Awareness sessions across the Group to ensure alignment to the Code of Conduct
- ✔ Awareness training sessions, both in-person and online were delivered to all staff across the Group. The majority of sales staff have acknowledged their understanding of the Anti-bribery Code of Conduct. Additionally, Computacenter's Anti-bribery Code of Conduct has been communicated with the majority of all suppliers and vendors across the Group

- Maintain a register of gifts and hospitality and review the register at appropriate intervals
- ✔ Registers of gifts and hospitality are maintained within various departments across the Group

#### 2013 objective

- Invite an external review into the adequacy of the Group's Anti-bribery policy and procedures and implement plans following the review's findings

*Stephen Benadé*

**Stephen Benadé**  
Company Secretary

11 March 2013

# Board of Directors



## 1. Greg Lock

**Title:** Non-Executive Chairman and Chairman of the Nomination Committee

**Committee membership:** N, R

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 65.

## 2. Mike Norris

**Title:** Chief Executive

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 the University of Hertfordshire in 2010. Age 51.

## 3. Tony Conophy

**Title:** Finance Director

Tony has been a member of the Institute of Chartered Management Accountants since 1982. He qualified with Semperit (Ireland) Ltd and then worked for five years at Cape Industries plc. He joined Computacenter in 1987 as Financial Controller, rising in 1991 to General Manager of Finance. In 1996 he was appointed Finance and Commercial Director of Computacenter (UK) Limited with responsibility for all financial, purchasing and vendor relations activities. In March 1998 he was appointed Group Finance Director. Age 55.

## 4. Peter Ogden

**Title:** Non-Executive Director

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 65.

5



### 5. Philip Hulme

**Title:** Non-Executive Director

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 64.

### 6. John Ormerod

**Title:** Non-Executive Director and Chairman of the Audit Committee

**Committee membership:** A, N, R

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 64.

### 7. Ian Lewis

**Title:** Non-Executive Director

**Committee membership:** A, N, R

Ian is Director of the University Computing Service at the University of Cambridge. During his career he has held a number of senior positions, including First Vice President and Global Chief Technology Officer of Merrill Lynch's Investment Banking and Sales division and Global CTO at Dresdner Kleinwort Wasserstein Investment Banking. Age 52.

7



### 8. Brian McBride

**Title:** Non-Executive Director, Senior Independent Director and Chairman of the Remuneration Committee

**Committee membership:** A, N, R

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 and Senior Adviser at Scottish Equity Partners.

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 57.

### Board member attendance

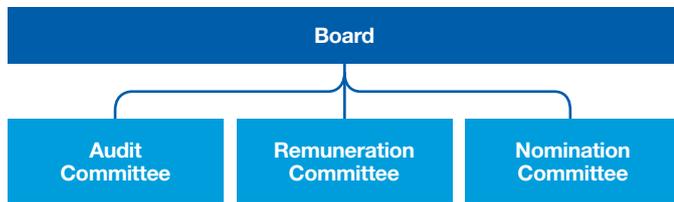
1. Greg Lock	12/12
2. Mike Norris	12/12
3. Tony Conophy	12/12
4. Peter Ogden	9/12
5. Philip Hulme	10/12
6. John Ormerod	12/12
7. Ian Lewis	12/12
8. Brian McBride	11/12

#### Key:

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

# Corporate governance statement

## Board Committees



**Greg Lock**  
Chairman of the Board



## Our commitment to compliance

The Board is committed to the principles of good governance and supports the best practice guidelines contained within the UK Corporate Governance Code ('the Code'), which can be found on the Financial Reporting Council's website ([www.frc.org.uk/corporate/ukcgcode.cfm](http://www.frc.org.uk/corporate/ukcgcode.cfm)). This statement 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 2012 (the 'year'). The Board notes the amendments to the Code in September 2012 and is aware that these amendments will be effective for disclosures in the statements relating to the 2013 financial year and beyond. The Board confirms that, save as where indicated and explained below, the Company has complied with the Code throughout the year.

## Board of Directors

The membership of the Board as at 31 December 2012 is as set out on pages 30 and 31. The Board comprises two Executive Directors, five Non-Executive Directors and the Chairman. The Chairman, Greg Lock, was considered by the Board to be independent on appointment and Ian Lewis, John Ormerod and Brian McBride are all considered to be independent. Brian McBride is the Senior Independent Director, following his appointment to the Board on 10 January 2011.

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, due to their long tenure, substantial shareholding in the Company and their previously held executive positions in the Company. As part of the Board evaluation process in 2012, the Board considered this matter specifically and, notwithstanding the guidelines outlined in the Code, it is clear that the contribution these two Directors make to the Board 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. To this effect, the Board plays a key role in setting the Company's strategic objectives and ensuring that sufficient resources are available to meet these aims. The Board reviews the performance of senior management against the targets set for the delivery of agreed objectives. Additionally, to further support the suitability of the drive for achievement, a framework of appropriate controls exists to ensure that risks are properly identified, effectively assessed and prudently managed. Alongside formulating strategic objectives, monitoring performance and reviewing risk, the Board defines those values and standards which ensure that the obligations of the Company to shareholders and other stakeholders are understood, their expectations are met and that transparent and honest dialogue with investors is maintained.

The roles of 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. 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. 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 the 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. The Board believes that it oversees the Group effectively and maintains a proactive approach.

There is a documented schedule of matters which are reserved for the Board and these matters include, amongst others, the agreement of the primary strategy and budgets, as well as the approval of acquisitions and major capital expenditure. This schedule is reviewed at least annually or more frequently where required and during the year, was updated once.

#### **Diversity**

The Board recognises the benefit 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. In this regard, the Board has considered the recommendations made in the Davies Report, 'Women on Boards', published in February 2011, as well as the continuing debate on the matter and whilst the Board recognises the principles involved, appointments will primarily remain based on merit.

It was further agreed that the Nomination Committee will actively seek candidates from the widest talent pool possible and will, in addition to taking into account the skills and experience desired for an appointment, also have regard for the benefits of wider diversity, including gender. However, a search for additional members of the Board will only be launched when the Nomination Committee recommends this, following a review of the Board's composition, and therefore it was not considered appropriate to set any targets on diversity at this time.

#### **Board effectiveness**

Upon joining the Board, all Directors receive a comprehensive induction programme, tailored to their specific 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 and major shareholders are invited to meet them as well.

All Directors receive appropriate documentation in advance of each Board and Committee meeting, including detailed briefings on all matters, in order to enable them to discharge their duties effectively in considering a matter and reaching a decision on it. In addition, the Directors receive regular reports on the Group's performance and matters of importance. Senior management regularly present the results and strategies of their respective business units to the Board and all Directors are encouraged to meet with the senior management team, thereby enabling the Board to remain familiar with the business, current activities and management of the Group.

The Board and its Committees are subject to annual performance reviews, which are led by the Chairman in the case of the Board, and the relevant chairman for each Committee. Each chairman, assisted by advice from the Company Secretary, decides the scope and format for the review. This year, the Board evaluation was initiated with the completion and return by each Director of an assessment questionnaire. An analysis by the Chairman of the returned questionnaires gave an indication of areas to be discussed further during individual meetings between each of the Directors and the Chairman, which subsequently took place. The information obtained from the questionnaire and subsequent meetings was summarised and together with recommendations for improvement, included in a report for discussion and consideration by the Board as a whole. Whilst the Board was confident that it fulfilled its role effectively, recommendations for improvement related primarily to clarifying the strategic goals of the Company and engaging more directly with the Risk Assessment process. Plans to incorporate these suggested improvements are underway.

The Board recognises that the UK Corporate Governance Code requires that an externally facilitated evaluation on its effectiveness be undertaken at least once every third year and in this regard the Company is currently in compliance with the Code. The Board continues to believe that its internal evaluation process is both robust and thorough, and therefore decided not to have an externally facilitated evaluation in 2012. The Board will keep the matter under review and an external evaluation of the Board will be reconsidered for 2013.

The performance of the Chairman is assessed by the Non-Executive Directors, led by the Senior Independent Director. All of the Directors provided positive feedback to the Senior Independent Director on the performance of the Chairman. The Chairman additionally met with the Non-Executive Directors a number of times during 2012, without the Executive Directors being present.

### 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.

### Board meetings

Details of the Directors' attendance at Board and Committee meetings are provided on pages 31, 37, 40 and 41.

### Directors

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.

Whilst 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 UK Corporate Governance Code, all Directors should be subject to re-election at the next AGM on 17 May 2013 and at each AGM thereafter.

### Board Committees

The Board has delegated certain governance responsibilities to three principal Board Committees: Audit Committee, Remuneration Committee and Nomination Committee. The Terms of Reference for each Committee can be obtained from the Company's website [www.computacenter.com/investors](http://www.computacenter.com/investors) or from the Company Secretary, by request. The composition of each Committee appears on pages 37, 40 and 41 and directly following this report, are reports from the chairman of each Committee setting out the main responsibilities of their respective Committees and their main activities during the year. These reports may be found from pages 37 to 49.

### 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 the shareholders, based on the financial reporting calendar.

The Board is informed of any substantial changes in the ownership of the Company's shares and the Company's corporate brokers provide monthly reports on the ownership of the Company's shares. 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 individually meet with the Chairman and the Company Secretary to provide feedback on the Company's management and raise other comments. 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 information received is then used as part of the evaluation of the Board's effectiveness.

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.

### Internal controls

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. Systems are designed to govern, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.

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

#### **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 quarterly basis to discuss day-to-day operational matters, in addition to the separate Executive Committees which have been established for each of the Group's operations in the UK, France and Germany, and which also meet quarterly. The Executive Directors therefore discuss operational matters with the senior management teams at a minimum of four separate meetings per quarter. A flat reporting structure is maintained across the Group, with clearly defined responsibilities for operational and financial management.

#### **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 the applicable laws and regulations and distributed both internally and externally in a timely manner. A review of the consolidation and 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.

#### **Risk management**

The Group Risk and Insurance Department monitors developments and oversees compliance with relevant legislative and regulatory requirements. 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, the Group Risk Manager and the Group Internal Auditor. The Group Risk Committee is chaired by the Group's Chief Executive. Further information on the Company's risks can be found within the Risk report on pages 24 and 25. Through a programme of assessment, appropriate measures and systems of control are maintained. Detailed business interruption contingency plans are in place for all key sites and these are regularly tested, in accordance with an agreed schedule.

#### **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. Weekly reporting of cash balances to the Group Finance Department ensures that the position of the Group, as a whole, is properly controlled. The management of liquidity and borrowing facilities for customer specific requirements, ongoing capital expenditure and working capital of the business are all undertaken by the Group 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 national Executive Committee.

### Business ethics

The Company has a comprehensive Business Ethics Policy in place and should an employee be found in breach of that policy, appropriate disciplinary action is applied. Part of this policy is the Company's 'whistleblowing' procedure where concerns of wrongdoing can be reported to the Group Internal Auditor or the Chairman of the Audit Committee. Following the effective date of the new UK Bribery Act in 2011, the Company has further developed its policy and procedures to actively prevent bribery within the Company's business, in addition to establishing a separate and specific Anti-bribery Code of Conduct, across the Group.

### Internal audit

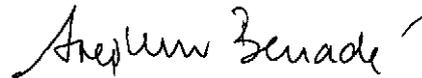
The Group has an internal audit function led by the Group Internal Auditor who reports to the Chairman of the Audit Committee.

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 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.

### Compliance with DTR

The information that is required by DTR 7.2.6, information relating to the share capital of the Company, can be found within the Directors' report from page 50.

By order of the Board



### Stephen Benadé

Company Secretary

11 March 2013

# Audit Committee report

Member	Role	Attendance record
1. John Ormerod (Chairman)	Non-Executive Director	8/8
2. Ian Lewis	Non-Executive Director	8/8
3. Brian McBride	Non-Executive Director	7/8

**John Ormerod**  
Audit Committee  
Chairman



## Responsibilities of the Audit Committee

The key responsibilities of the Audit Committee are to:

- Review the annual and half-year financial statements and any other formal announcements relating to the Company's financial performance.
- Oversee the Company's relationship with Ernst & Young, our external auditor.
- Oversee the effectiveness of the Company's risk management procedures and systems of internal control, including those relating to the prevention and detection of bribery and fraud.
- Oversee the effectiveness of the Company's internal audit function, including approval of the annual internal audit plan.
- Monitor the process by which the staff of the Company may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

The Audit Committee reports regularly to the Board on how it has discharged its responsibilities.

The full terms of reference for the Audit Committee are available on our website, [www.computacenter.com/investors](http://www.computacenter.com/investors).

## Membership and meetings

All members of the Audit Committee are Independent Non-Executive Directors and are considered by the Board to be appropriately experienced for the Committee to perform effectively. The Board considers the Chairman of the Audit Committee to have recent and relevant financial experience.

Details of the members of the Audit Committee and their attendance at the Committee meetings during the year are provided above.

The Chief Executive and Group Finance Director, as well as the Group Internal Audit Manager, Group Financial Controller and the external auditor routinely attend meetings of the Committee, at the Committee's invitation.

The Committee also meets privately, at least annually, with the external auditor and the Group Internal Audit Manager and in 2012 private meetings were convened twice with the external auditor and once with the Group Internal Audit Manager.

In addition to the formal meetings, the Chairman of the Committee has regular informal discussions with the Finance Director, Head of Internal Audit and the external auditor. He also receives directly the reports of internal audit as they are issued. In addition, he receives feedback on the preparation and audit of the accounts as work progresses and as any significant judgements arise.

The Company Secretary is the secretary to the Committee.

## Audit Committee report continued

### Main activities of the Committee during 2012

The Audit Committee met eight times during 2012 and its work included:

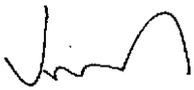
- Reviewing the financial statements for both the 2011 full-year and the 2012 half-year, as well as the interim management statements. The Committee considered reports from our external auditor as appropriate. The Committee reviewed the key judgements made in preparing the financial information, including adjustments to provisions and the application of our revenue recognition policies for multi-year Managed Services contracts. The Committee gave particular focus to the accounting for new Managed Services contracts in Germany, the combined effect of which was to reduce the 2012 profit expectation.
- Monitoring the Group's risk management and internal control procedures. Detailed enquiries were made with reports directly to the entire Board on the root causes and remediation actions necessary following the contract take-on problems in Germany. The Committee continues to monitor implementation of these actions and has refocused internal audit efforts to consider in more detail controls across the Group in relation to new Managed Services contracts. The Committee monitored the impact made by the newly implemented ERP system on the financial reporting capability of Computacenter within the UK. The Committee received reports on the development and implementation of the Group's policy and procedures to prevent bribery and corruption, its Business Ethics Policy and the procedures in place for reporting and investigating allegations of inappropriate behaviour. The Committee reviewed controls in selected areas including treasury, foreign exchange and counterparty risk, as well as tax compliance and tax risk. Drawing on the work of internal audit, the Committee assisted the Board with a review of the effectiveness of internal controls.
- Reviewing the relationship with the external auditor. The Committee reviewed the independence and effectiveness of the external auditor. This was achieved through a review of the published report of the Audit Inspection Unit on Ernst & Young, receiving feedback from Committee members and relevant management on the work of the auditors in the form of responses to a written questionnaire, the results of which were then discussed at a subsequent Committee meeting, and further by receiving reports from the auditors on their quality controls and independence policies. Noting its policy on the provision of non-audit work provided by the external auditor, a summary of which is set out on page 39, 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. As a result, the Committee recommended to the Board, the reappointment of Ernst & Young in 2012. The Committee has noted recent changes to the Code and the support by institutional shareholders and their representative bodies for periodic audit tenders. The Company intends to implement the revision to the Code in respect of audit tendering but will follow the transitional guidance to do this in a year which best fits the workload and risk profile of the business.
- Overseeing the internal audit function, including a review of the department's resources, the internal audit reports and management's response. The Committee particularly focused on ensuring that the internal audit resource was most suitably applied given the most material risks being faced by the Company. In light of the Committee's review, it was decided that significant internal audit resource be redirected towards the monitoring, testing and reporting of Services contract approval and take-on procedures across the Group. The Committee has directed internal audit to undertake the regular and thorough reporting of its findings to the Committee and, ultimately, to the Board.
- The Committee met with the financial management and external audit teams of the Group's German operations and also R.D. Trading Limited, a subsidiary company of which Ernst & Young are not the statutory auditors. These meetings assisted the Committee to understand better the financial management and controls in these entities and the judgements involved in preparing their financial reports.

- Receiving training on updated regulation and legislation which may affect the functioning, responsibilities and scope of work of the Committee, such as the expansion of its role arising from updates to the UK Corporate Governance Code and the accompanying Guidance on Audit Committees (both published by the Financial Reporting Council in September 2012). Additionally, the Company Secretary facilitates attendance by Committee members at external seminars on topics such as financial reporting, risk management and corporate governance where deemed appropriate.

### **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 the 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. 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.



#### **John Ormerod**

Chairman of the Audit Committee

11 March 2013

# Nomination Committee report

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

**Greg Lock**  
Nomination Committee  
Chairman



- Determining whether the Board's composition remains appropriate, specifically considering whether the Board's balance of skills, knowledge, experience and diversity (including that of gender) enables it to discharge its duties and responsibilities effectively.
- Ensuring that there is a formal, thorough and transparent procedure in place for the appointment of any new Directors to the Board, and that any such appointments made are based on merit against objective criteria (as required by the UK Corporate Governance Code). Any procedure undertaken to appoint a Director to the Board shall ensure that all applicants will be treated equally and not discriminated against on the grounds of age, gender, disability, philosophical or religious belief, race or sexual orientation.
- Succession planning of the Board and the induction, training and development of the Directors.

The full terms of reference for the Nomination Committee are available on our website, [www.computacenter.com/investors](http://www.computacenter.com/investors).

## Membership and attendance

The members of the Nomination Committee are the three Independent Non-Executive Directors and the Chairman of the Board. However, input from all the Directors is sought by the Committee and the Committee 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 above.

The Company Secretary is the secretary to the Committee.

## Main activities of the Committee during 2012

The Nomination Committee met on three occasions during 2012 and its work included:

- Reviewing the individual performance of the Directors who stood for re-election at the 2012 AGM and recommending their re-election.
- Reviewing, in my absence, my performance and 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. The Committee engaged recruitment consultants to ensure smooth succession, should the need arise, as well as to explore the skills which the Board could potentially gain through appointing a new member to the Board. Further details are also provided in the Corporate governance statement.

A handwritten signature in black ink, appearing to read 'Greg Lock'.

**Greg Lock**  
Chairman of the Nomination Committee

11 March 2013

# Remuneration Committee report

Key information	
Remuneration policy	 Page 42
Fixed salary and annual bonus	 Page 45
Directors' interests in Share Plans	 Page 46
Performance framework and targets	 Page 48

## 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.
- 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 terms of reference for the Remuneration Committee are available on our website, [www.computacenter.com/investors](http://www.computacenter.com/investors).

## Membership and attendance

The Remuneration Committee is made up of three Independent Non-Executive Directors and the Chairman of the Board, who was considered by the Board 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	4/4
3. Greg Lock	Non-Executive Director	4/4
4. John Ormerod	Non-Executive Director	4/4

The Company Secretary is the secretary to the Committee.

The principal adviser to the Committee is Mercer Limited, which provides no other services to, and is independent of, the Company. In addition, both Stephen Benadé (Company Secretary) and Barry Hoffman (Group HR Director) provided advice to the Committee during the year.

The Committee considers comparative practice in the European technology sector, FTSE techMARK 100 companies and FTSE 250 companies.

**Brian McBride**  
Remuneration Committee  
Chairman



## Remuneration Committee report continued

### Main activities of the Committee during 2012

The Remuneration Committee met four times during 2012 and its work included:

- Determining whether performance conditions had been met for the vesting of the 2009 (for the UK and Germany) and 2010 (for France) grants under the Performance Share Plan.
- Approving the 2011 performance-related bonus awards and the 2012 bonus scheme for Executive Directors and Senior Executives.
- Scrutinising the link between remuneration and performance and considering the most appropriate executive remuneration structure to ensure the alignment of senior executive and shareholder interests, whilst avoiding increased remuneration complexity that might restrict shareholder understanding and engagement in the area of remuneration.
- Reviewing the grants under the long-term incentive plans to the Executive Directors and Senior Executives.
- Responding to questions raised by shareholders on remuneration.
- Reviewing the 2013 salary increases of the Executive Directors and Senior Executives, including the bonus framework and objectives.
- Recommending the Chairman's fee.
- Undertaking an evaluation of the Committee and reviewing and updating the Committee's terms of reference.
- Following an evaluation of its performance in 2012, the Committee concluded that it was largely effective in performing its functions, but considered it should make improvements to ensure that it had sufficient oversight of remuneration principles and structures applied within the wider management group of the Company, including those applied by the Group's overseas subsidiaries.

### Remuneration policy – Overview

The Company's remuneration policy is designed to attract, retain and reward Executive Directors with remuneration arrangements that are competitive, but not excessive and support the achievement of its strategic objectives. Additionally, our policy is designed to ensure that a substantial proportion of total potential remuneration is linked to both the short-term and long-term performance of the Company, in order to align the interests of executives, senior management and shareholders over both of these time horizons.

The annual performance-related bonus scheme is in place in order to provide a link between remuneration and short-term performance. Performance over the longer term is linked by way of our long-term incentive plans in place, most notably our Performance Share Plan, the vesting of which is linked to the Company's earnings growth over a three-year period.

The Committee has been working continuously, noting regulatory and best practice developments in this area, to explore whether the current remuneration structure in place is appropriate to assist in facilitating the achievement of the Company's objectives. This work has included the analysis of alternative remuneration structures and the review of associated Company policies.

As a direct result of this work, the Committee has left the current remuneration structure unchanged, but has implemented a change to the terms of the Company's Minimum Shareholding Policy, to take effect from 1 April 2013. Pursuant to the terms of the original policy, Executive Directors and selected members of senior management were required to hold a minimum number of the Company's shares. The level of shareholding required was linked to the annual base salary of an individual. The Committee has now reduced the period which individuals deemed subject to the policy have to comply with it from five to three years, in order to ensure that the alignment this creates between Executive Directors, senior management and shareholders is achieved more quickly.

The Committee is satisfied that the remuneration policy ensures a significant proportion of total remuneration is commensurate with the Group's financial performance over the fiscal year, as well as over extended periods and, further, that the remuneration policy is aligned to the Group's risk profile.

The Committee considers, when reviewing the remuneration of the Executive Directors and Senior Executives, both the external market and wider remuneration levels of all employees of the Group. The Committee reviews the average base salary increases applied across the Group when base salary increases of the Executive Directors and Senior Executives are considered. The audited tables and related notes are identified within the report, with the (A) key. A resolution to approve this report will be proposed at the Company's forthcoming Annual General Meeting on 17 May 2013.

## Fixed remuneration policy

### Base salary and benefits

At the Remuneration Committee meeting in December of each year, base salaries and benefits for Executive Directors and Senior Executives are considered. Any changes made by the Committee to these will reflect any changes to the role being performed by the relevant individual and the availability of relevant skills in the external market for that role.

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

The Executive Directors participate in the Computacenter Pension Scheme, a defined contribution salary sacrifice scheme, under which a maximum annual Company contribution of £6,077 per employee is payable. For 2012, the Chief Executive and Finance Director each received the maximum annual Company contribution of £6,077. The scheme is open to all UK employees and allows employees to make additional salary sacrifices, which the Company may contribute to the scheme, on their behalf.

## Variable remuneration policy

### Performance-related bonus scheme

As detailed above, the Remuneration Committee believes it is important that the Executive Directors are incentivised in a way that is aligned with the Company's strategy and the interests of the Company's shareholders. A performance-related bonus scheme currently exists for the Executive Directors which was structured in 2012 in order to achieve the Company's strategic objectives in the manner outlined below.

Executive remuneration annual bonus incentive measures	% of potential bonus payout linked to objective achievement		Accelerating the growth of our Contractual Services business	Reducing cost through increased efficiency and industrialisation of Services Operations	Maximising the return on working capital and freeing working capital where not optimally used	Growing our profit margin through increased Services and high-end Supply Chain sales	Ensuring the successful implementation of the Group-wide ERP system
	Mike Norris	Tony Conophy					
Executive Director	Mike Norris	Tony Conophy					
Group profitability	45%	45%	●	●	●	●	
Service contribution growth	15%	10%	●	●		●	
Group cost savings	10%	15%		●	●		●
Group cash position	10%	10%		●	●		
Personal objectives	20%	20%	●	●	●	●	●

Each December, the Remuneration Committee meets to set not only the base salary for the Executive Directors, but to determine the performance targets for their bonuses in respect of the forthcoming year. The Executive Directors are then notified of these targets in January. However, once set, the Committee continually reviews these targets throughout the year to ensure that they remain appropriate and importantly, regardless of the achievement of financial targets, ultimately has discretion over the paying out (or otherwise) of any annual performance-related bonus.

### Long-term incentive plans

Long-term incentive plans are considered to be an important part of the Executive remuneration policy, designed to support management retention and motivation, whilst aligning senior management's interests with those of shareholders. The details of the historical grants made to the Executive Directors and associated performance conditions are set out in the table of Directors' Interests in Share Plans on page 46.

### Performance Share Plan

The Performance Share Plan 2005 ('PSP') is the Company's primary long-term incentive plan for Executive Directors and Senior Executives and has been operating since 2006.

The Remuneration Committee approves grants under this scheme. Under the PSP, awards ('PSP Awards') may be made to Executive Directors and Senior Executives in the form of either a conditional right to acquire shares in the Company or the grant of a nil-cost option to acquire shares. The vesting of awards is subject to the satisfaction over a three-year period of performance conditions determined by the Remuneration Committee at the time the awards are made. Included within the PSP Rules, which were last amended at the Company's 2011 AGM, are the following terms:

- (1) in any one year, the market value of shares in respect of which awards can be made to an Executive can now be up to two times base salary and, in exceptional circumstances, the multiple can now be four times base salary; and
- (2) awards under the plan may be made as nil-priced options rather than performance shares and options granted are now capable of being exercised for a seven-year period following vesting; and
- (3) the performance measure for awards is absolute EPS growth.

### Share options

The Company also operates the Computacenter Employee Share Option Scheme 2007 (the 'Option Scheme'). As the PSP is the primary long-term incentive scheme, the Remuneration Committee intends that the Option Scheme be used only in exceptional circumstances and, as such, no grants have been made to employees or Directors, under this scheme during the course of 2011 or 2012. The Executive Directors have historically been awarded share options under the Company's previous share option plans and details of these grants can be found in the table of Directors' Interests in Share Plans on page 46.

The maximum number of options that can be awarded under the Option Scheme is three times base salary, although this can be exceeded in exceptional circumstances. If a grant is to be made to an Executive Director, it is current policy to limit this to a maximum of 1.25 times base salary.

Should grants be made under the Option Scheme in 2013, any applicable performance conditions will be subject to review by the Remuneration Committee, taking account of prevailing market conditions and Group strategic objectives. There is currently no intention to make grants under the Option Scheme during the course of 2013.

### Dilution limits

The Company uses a mixture of both new issue and market purchase shares to satisfy awards under the Option, PSP and Share Save Plans. In line with best practice, the use of new issue or treasury shares to satisfy awards made under all share schemes, is restricted to 10 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 3.22 per cent and the potential dilution from awards under the discretionary schemes was approximately 0.77 per cent.

### Minimum Shareholding Policy

In February 2011, the Remuneration Committee approved the Minimum Shareholding Policy which requires the Executive Directors and Senior Executives to build up and retain a shareholding in the Company over a five-year period. The minimum holding for each year is set with reference to the share price at 31 December in the preceding year using the below mentioned multiples for the Executive concerned:

Group 1	Chief Executive	2 x Base Salary
Group 2	Finance Director	1 x Base Salary
	Executives within the remit of the Remuneration Committee	
	Executives within the Group Executive Committee	
Group 3	Senior Country, Functional or Other Executives	0.5 x Base Salary

As at 31 December 2012, both the Chief Executive and the Finance Director were compliant with this policy.

As previously described in this report, the terms of the Company's Minimum Shareholding Policy are to be altered with effect from 1 April 2013.

## Executive remuneration

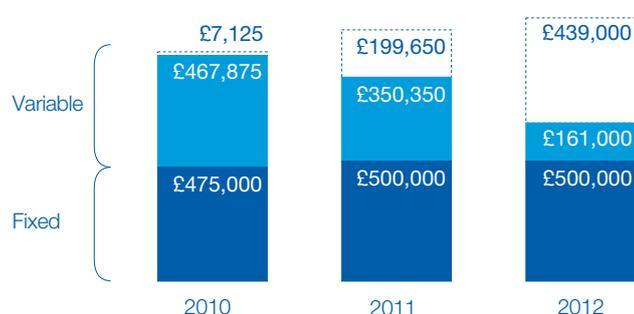
### Fixed salary and annual bonus

The main elements of Executive Directors' remuneration for 2011 and for 2012 are shown below, together with what was paid in 2010 for comparative purposes.

(A)

#### Mike Norris

Total remuneration paid	<b>£942,875</b>	<b>£850,350</b>	<b>£661,000</b>
Group adjusted <sup>Δ</sup> profit before tax	<b>£66.1m</b>	<b>£74.2m</b>	<b>£71.3m</b>



- Fixed base salary and fees
- Variable actual bonus
- Variable bonus not paid

#### Tony Conophy

Total remuneration paid	<b>£536,430</b>	<b>£525,025</b>	<b>£427,674</b>
Group adjusted <sup>Δ</sup> profit before tax	<b>£66.1m</b>	<b>£74.2m</b>	<b>£71.3m</b>



- Fixed base salary and fees
- Variable actual bonus
- Variable bonus not paid

(A)

Executive	2013		2012			2011	Total	
	2013 Base salary	2013 Maximum bonus potential	2012 Base salary and fees	2012 Maximum bonus potential	2012 Actual bonus	2011 Actual bonus	2012 Total remuneration	2011 Total remuneration
Mike Norris	£500,000	£600,000	£500,000	£600,000	£161,000*	£350,350	<b>£661,000</b>	£850,350
Tony Conophy	£325,000	£300,000	£334,674	£300,000	£93,000*	£192,560	<b>£427,674</b>	£525,025

\* The comparatively low percentage of total potential bonus award actually paid out to the Executive Directors in 2012 (26.8 per cent for Mike Norris and 31 per cent for Tony Conophy) against bonus awards paid in 2010 and 2011 is a result of the fact that, as detailed in the Company's trading update of June 2012, the profit generated by the Computacenter Group during the year was materially and adversely affected by the Contractual Services issues experienced by our German business. The Board believes that the Executive Director bonus payments for 2012 reflect both its disappointment that the issues in our German business arose and its view that the response of the Group Executive Management to these issues was both appropriate and decisive.

### Share Plan Incentives

The Directors' Interests in the Company's share plans are detailed below. 230,947 PSPs were issued to Mike Norris and 127,309 PSPs were issued to Tony Conophy in 2012, pursuant to the Company Performance Share Plan. Details of the performance criteria relating to the vesting of these grants is found in note 9 at the bottom of page 46. No Director of the Company was granted any other share incentives by the Company during the course of the year.

<sup>Δ</sup> Adjusted profit before tax is stated prior to amortisation of acquired intangibles and exceptional items.

## Remuneration Committee report continued

### Directors' Interests in Share Plans

(A)	Scheme	Note	Exercise/ share price	Exercise period/ Vesting period	At 1 January 2012	Granted during the year	Exercised during the year	Lapsed	At 31 December 2012
<b>Mike Norris</b>	Options	3	322.0p	10/04/05–09/04/12	<b>122,670</b>	–	122,670	–	<b>–</b>
	Sharesave	2	320.0p	01/12/14–31/05/15	<b>4,859</b>	–	–	–	<b>4,859</b>
	PSP	5	N/A	13/03/12–12/09/12	<b>208,102</b>	–	208,102	–	<b>–</b>
	PSP	6	N/A	20/03/12–19/09/12	<b>390,000</b>	–	–	<b>390,000</b>	<b>–</b>
	PSP	7	N/A	15/03/13–15/09/13	<b>150,316</b>	–	–	–	<b>150,316</b>
	PSP – Enhanced	8	N/A	17/03/14–16/03/21	<b>224,586</b>	–	–	–	<b>224,586</b>
	PSP – Enhanced	9	N/A	23/03/15–22/03/22	<b>–</b>	230,947	–	–	<b>230,947</b>
<b>Tony Conophy</b>	Options	1, 4	322.0p	10/04/05–09/04/12	<b>9,316</b>	–	9,316	–	<b>–</b>
	Options	3	322.0p	10/04/05–09/04/12	<b>66,770</b>	–	66,770	–	<b>–</b>
	Sharesave	2	178.0p	01/12/12–31/05/13	<b>9,438</b>	–	9,438	–	<b>–</b>
	PSP	5	N/A	13/03/12–12/09/12	<b>131,433</b>	–	131,433	–	<b>–</b>
	PSP	6	N/A	20/03/12–19/09/12	<b>240,000</b>	–	–	<b>240,000</b>	<b>–</b>
	PSP	7	N/A	15/03/13–15/09/13	<b>94,937</b>	–	–	–	<b>94,937</b>
	PSP – Enhanced	8	N/A	17/03/14–16/03/21	<b>124,113</b>	–	–	–	<b>124,113</b>
	PSP – Enhanced	9	N/A	23/03/15–22/03/22	<b>–</b>	127,309	–	–	<b>127,309</b>

1. Issued under the terms of the Computacenter Employee Share Option Scheme 1998.
2. Issued under the terms of the Computacenter Sharesave Plus Scheme, which is available to employees and full-time Executive Directors of the Computacenter Group.
3. Issued under the terms of the Computacenter Performance Related Share Option Scheme 1998. The options become exercisable if the average annual compound growth in the Group's earnings per share (on a post-investment in the Biomni joint venture, diluted basis) compared to the base year of 2001, is at least equal to RPI plus 5 per cent in any of the three-, four- or five-year periods up to and including 2004, 2005 or 2006 respectively.
4. Exercisable on the condition that the average annual compound growth in the Group's earnings per share (on a post-investment in the Biomni joint venture, diluted basis) compared to the base year of 2001, is at least equal to RPI plus 5 per cent in any of the three-, four- or five-year periods up to and including 2004, 2005 or 2006 respectively.
5. Issued under the terms of the Computacenter Performance Share Plan 2005. One quarter of the shares will vest if the average annual compound growth in the Group's earnings per share is at least equal to RPI plus 3 per cent over the three consecutive financial years starting on 1 January 2009 and ended on 31 December 2011, compared to the base year of 2008. Awards will vest in full if the Group's cumulative annual growth is at or above RPI plus 7.5 per cent. If the Group's earnings per share growth over the period is between 3 per cent and 7.5 per cent above RPI, awards will vest on a straight-line basis.
6. If in 2011, profit before tax reaches £90 million, 25 per cent of the awards will vest, if the profit before tax is £100 million or more, 100 per cent of the awards will vest. Awards will vest on a straight-line basis between those limits.
7. 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.
8. 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.
9. 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.

(A)

**Director Gains**

Gains made from Executive Share Plans exercised during the year by the Directors were:

**Options**

Director	Date of exercise	Scheme	Number of shares	Exercise price	Market value at exercise	Gain on exercise
<b>Mike Norris</b>	05/04/2012	Computacenter Performance-Related Employee Share Option Scheme 1998	122,670	322.0p	407.1p	£104,392
<b>Tony Conophy</b>	05/04/2012	Computacenter Performance-Related Employee Share Option Scheme 1998	66,770	322.0p	407.1p	£56,821
	05/04/2012	Computacenter Approved Employee Share Option Scheme 1998	9,316	322.0p	407.1p	£7,927

**Performance Share Plan**

Director	Date of vesting	Scheme	Number of shares	Exercise price	Market value at exercise	Gain on exercise
Mike Norris	23/03/2012	PSP	208,102	N/A	431.9p	£898,962
Tony Conophy	23/03/2012	PSP	131,433	N/A	431.9p	£567,766

The closing market price of the ordinary shares at 31 December 2012 (being the last trading day of 2012) was 422 pence.

The highest price during the year was 461.9 pence and the lowest was 292.4 pence.

**Performance of the Company**

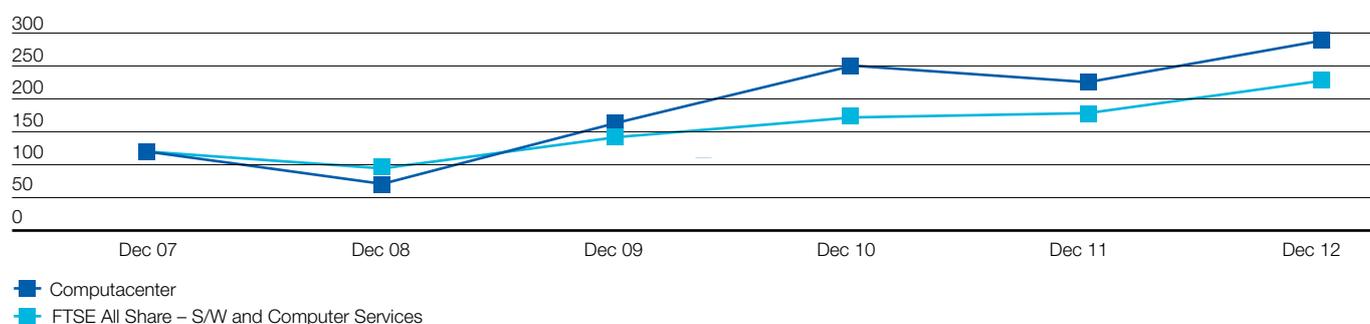
Computacenter's shares are quoted on the London Stock Exchange and the Remuneration Committee has deemed the FTSE Software and Computer Services share index as the appropriate comparator, against which to assess Total Shareholder Return performance.

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

(A)

**Total Shareholder Return performance**

Computacenter versus FTSE Software and Computer Services sector



## Remuneration Committee report continued

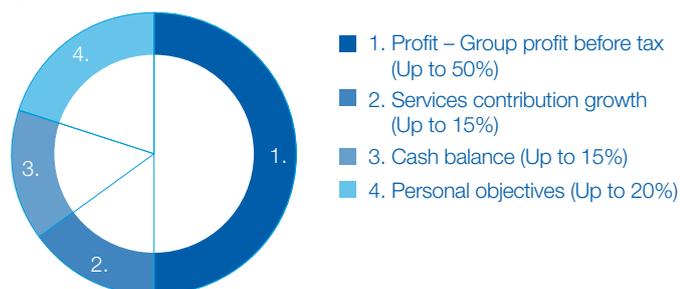
### Bonus potential Performance framework and targets

The bonus arrangements for the Executive Directors for 2013 are set out below:

(A)

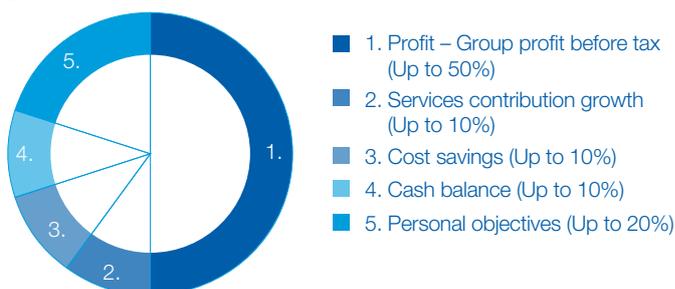
#### Mike Norris

2013



#### Tony Conophy

2013



Within each performance target element for 2013, the Remuneration Committee has set stepped thresholds which must be achieved in order for a proportion, or for the whole, of that bonus element to be paid.

The personal objective targets are non-financial targets which may only be paid in the event that the profit performance target has been achieved and the Remuneration Committee is fully satisfied that the relevant personal objectives have been met.

Notwithstanding that the performance targets might be achieved, in order to provide for unforeseen or exceptional circumstances, the payment of any bonus to an Executive Director is at the absolute discretion of the Remuneration Committee.

The Committee normally determines in February of each year whether the performance targets for the previous year have been met, including the personal objectives, and accordingly the amount of bonus to be paid to the Executive Director in relation to that year.

### 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 (months)*	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' notice by either the Company or the Director.

No contractual arrangements are in place which guarantee additional payments upon termination of employment by the Company. All service contracts provide for summary termination in the event of gross misconduct.

Executive Directors are permitted to hold outside directorships, subject to approval by the Chairman, and 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 Annual General Meeting before he is due to retire, then his appointment will terminate. The Board agreed that all the Directors will be subject to re-election at the Annual General Meeting on 17 May 2013.

### Non-Executive Directors' remuneration

The components of the Non-Executive Directors' remuneration for 2011, 2012 and 2013 are shown below. The Executive Directors and Chairman of the Board, together review the base fee payable to the Non-Executive Directors and for their additional contributions to the Committees, every two years. The Senior Independent Director reviews the fee of the Chairman of the Board, at the same intervals. These fees were revised and altered with effect from 1 January 2012.

(A) Non-Executive Director	2012 and 2013 Base fee	2012 and 2013 Additional fee	2012 and 2013 Total remuneration	2011 Base fee	2011 Additional fee	2011 Total remuneration	Additional fee as
Greg Lock	£42,000	£118,000	£160,000	£39,000	£111,000	£150,000	Chairman of the Board
Philip Hulme	£42,000	–	£42,000	£39,000	–	£39,000	–
Ian Lewis	£42,000	£5,500	£47,500	£39,000	£5,500	£44,500	Member of the Sub-Committee for the ERP Systems Project
Brian McBride	£42,000	£6,000 + £8,000	£56,000	£39,000	£5,000 + £7,000	£51,000 (2011 only) + £6,500*	Senior Independent Director and Chairman of the Remuneration Committee
Peter Ogden	£42,000	–	£42,000	£39,000	–	£39,000	–
John Ormerod	£42,000	£14,000	£56,000	£39,000	£14,000	£53,000	Chairman of the Audit Committee

\* Brian McBride was appointed as a Non-Executive Director on 10 January 2011. In addition to his total remuneration of £51,000 received in 2011, he received a one-off fee in March 2011 of £6,500 for advice and guidance provided to the Board in the fourth quarter of 2010, prior to his appointment.

The terms and conditions of appointment of the Non-Executive Directors are available for inspection at the Company's registered office and at the Annual General Meeting.

The Non-Executive Directors are not invited or permitted to participate in any of the Company's Employee Share Plans, and their remuneration is always paid in cash.



#### Brian McBride

Chairman of the Remuneration Committee

11 March 2013

# Directors' report

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 2012.

## Principal activities

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

## Business review

The Companies Act 2006 requires the Group to prepare a business review, which commences at the start of the Report and Accounts up to page 29. The review includes information about the Group's operations and the business model, financial performance throughout the year and likely developments, key performance indicators, principal risks and information regarding the Group's sustainable development plan.

## Corporate governance

Under Disclosure and Transparency Rule 7.2, the Company is required to include a Corporate governance statement within the Directors' report. Information on corporate governance practices can be found in the Corporate governance statement on pages 32 to 36 and the reports of the Audit, Remuneration and Nomination Committees on pages 37 to 49, which are incorporated into the Directors' report by reference.

## Management report

This Directors' report together with the other reports form 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 £64.8 million (2011: £72.1 million). The Group profit for the year, attributable to shareholders, amounted to £49.1 million (2011: £61.0 million). The Directors recommend a final dividend of 10.5 pence per share totalling £15.6 million (2011: £16.2 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 2012 accounts, as described in note 11, is made up of last year's final dividend (10.5 pence per share) and the interim dividend (5 pence per share).

The final ordinary dividend for 2012, if approved at the forthcoming AGM, will be paid on 14 June 2013. The dividend record date is set on 17 May 2013, and the dividend will be marked ex-dividend on 15 May 2013. The Company paid an interim dividend of £7.5 million in October 2012.

## 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 have not been amended during the course of the year 2012, is available on the Company's website, [www.computacenter.com/investors](http://www.computacenter.com/investors).

## Directors and Directors' authority

The Directors who served throughout the year ended 31 December 2012 were Tony Conophy, Philip Hulme, Ian Lewis, Greg Lock, Brian McBride, Mike Norris, John Ormerod and Peter Ogden. Biographical details of each Director, as at the date of this report, are given on pages 30 and 31. 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 recently revised UK Corporate Governance Code, that all Directors 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 Annual General Meeting.

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 2013 AGM. This authority allows the Directors to allot shares up to the maximum amount stated in the Notice of Annual General Meeting (approximately one-third of the issued share capital) and this authority would generally expire at the following AGM. In addition, the Company may not allot shares for cash (unless pursuant to an employee share scheme) without first making an offer to existing shareholders in proportion to their existing holdings. This is known as 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 5 per cent of the issued share capital. Full details of the proposed waiver are in the Notice of Annual General Meeting. The current waiver expires at the conclusion of the 2013 AGM.

## Directors' indemnities

During the year, the Company executed deeds of indemnity with each of the Directors. These deeds contain qualifying third party indemnity provisions and 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 2012		As at 1 January 2012 or date of appointment	
	Number of ordinary shares Beneficial	Number of ordinary shares Non-Beneficial	Number of ordinary shares Beneficial	Number of ordinary shares Non-Beneficial
<b>Executive Directors</b>				
Mike Norris	1,385,658	–	1,385,658	–
Tony Conophy	2,185,221	–	2,175,905	–
<b>Non-Executive Directors</b>				
Greg Lock	430,000	50,984	410,983	–
Philip Hulme	17,051,770	9,073,921	18,051,770	8,073,921
Ian Lewis	45,000	–	45,000	–
Brian McBride	–	–	–	–
Peter Ogden	35,335,636	979,166	35,335,636	979,166
John Ormerod	25,000	–	25,000	–

Between 31 December 2012 and 12 March 2013 there have been no changes to the interests detailed above.

### Major interests in shares

The Company did not receive any notification of substantial interests in the Company's issued ordinary share capital between 1 January 2012 to 31 December 2012, or in the period from 1 January 2013 to 28 February 2013.

### Capital structure

As at 12 March 2013, there were 153,915,322 fully paid ordinary shares in issue, all of which have full voting rights and there were no restrictions on the transfer of shares. Pursuant to the Company's share schemes, there are two employee trusts which, as at the year-end, held a total of 4,239,751 ordinary shares of 6 pence each, representing approximately 2.8 per cent of the issued share capital.

During the year the Trusts purchased a total of 1,783,680 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 attached 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 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 2012 AGM, to make market purchases of up to 15,388,782 ordinary shares of 6 pence each. This authority will expire at the 2013 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 18 to 23. 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. In addition to financing arrangements and our larger contracts with our customers, the Board considers that there are a number of major product suppliers who are material to the business, including HP, IBM, Cisco, Microsoft, Oracle and Lenovo.

### Creditors' payment policy

The Company does not hold any trade creditor balances. However, it is the policy of the Group that each of the businesses should agree appropriate terms and conditions with suppliers (ranging from standard written terms to individually negotiated contracts) and that payment should be in accordance with those terms and conditions, provided that the supplier has also complied with them. As at 31 December 2012, Group creditor days amounted to 69 (2011: 50).

### Financial instruments

The Group's financial risk management objectives and policies are discussed in the Finance Director's review on pages 18 to 23.

### 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 the Executive option schemes were in respect of a total of 1,033,000 ordinary shares of 6 pence each (2011: 1,964,756 shares). During the year options over 416,756 shares were exercised and options over 515,000 shares lapsed. The Company also operates a Performance Share Plan ('PSP') to incentivise employees. During the year, 1,179,689 ordinary shares of 6 pence each were conditionally awarded (2011: 1,086,024 shares). At the year-end, awards over 3,207,545 shares remained outstanding under this scheme (2011: 4,599,072 shares). During the year, awards over 1,285,860 shares were transferred to participants and awards over 1,285,356 shares lapsed. In addition, the Company operates a Sharesave scheme for the benefit of employees. At the year-end 2,971,058 options granted under the Sharesave scheme remained outstanding (2011: 2,905,644).

### 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 Corporate Sustainable Development report on pages 26 to 29 and covers matters regarding Health and Safety, the environment, equal opportunities, employee involvement, employment of disabled people, 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.

### 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 the 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 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 with employees, are driven by our e-FACE tools. 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 country forums. 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 the identified key senior managers.

### Key performance indicators ('KPIs')

Performance and operational KPIs can be found within the Operating review on pages 2 and 3 at the front of the Report and Accounts. The Board considers employee-driven attrition rates as a KPI in relation to employee issues. For the year ended 31 December 2012, this figure was 11.82 per cent (2011: 9.56 per cent). Utilisation levels across the Group of the e-FACE career development tool is a specific KPI which the Board is informed of, and which has improved from 74 per cent at 31 December 2011 to 85 per cent at 31 December 2012. Further KPIs on employee and environmental matters can be found within the Corporate Sustainable Development report on pages 26 to 29.

### 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 ('Whistleblowing') 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, the business model and strategic goals are set out in the Overview section, and its performance is set out within the Operating review on pages 2 to 15. 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 18 to 23. In addition, notes 25 and 26 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 and having taken account of the intended cash return, a reasonable expectation that the Group has sufficient cash resources and available facilities to meet its financial obligations 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.

### 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 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;
- prepare the accounts on a going concern basis, unless it is inappropriate to presume that the Group or Company will continue in its business; and
- present information, including accounting policies in a manner that provides relevant, reliable, comparable and understandable information.

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

### Disclosure of information to auditor

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

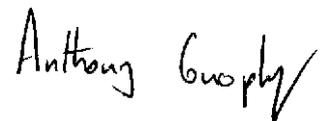
- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditors are unaware; and
- each Director has taken all steps a Director might reasonably be expected to have taken, to be aware of relevant audit information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



**Mike Norris**  
Chief Executive  
11 March 2013



**Tony Conophy**  
Finance Director  
11 March 2013

# 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 2012 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 33. 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 54, 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 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 Group financial statements:

- Give a true and fair view of the state of the Group's affairs as at 31 December 2012 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.

## Opinion on other matter prescribed by the Companies Act 2006

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

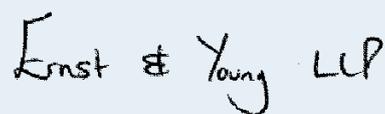
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- The Directors' statement, set out on page 53, 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; and
- Certain elements of the report to shareholders by the Board on Directors' remuneration.

## Other matter

We have reported separately on the Parent Company financial statements of Computacenter plc for the year ended 31 December 2012 and on the information in the Directors' Remuneration Report that is described as having been audited.



## Nick Powell (Senior Statutory Auditor)

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

London

11 March 2013

# Consolidated income statement

For the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Revenue</b>	3	<b>2,914,214</b>	2,852,303
Cost of sales		<b>(2,539,955)</b>	(2,470,932)
<b>Gross profit</b>		<b>374,259</b>	381,371
Administrative expenses		<b>(303,172)</b>	(307,377)
<b>Operating profit:</b>	4		
<b>Before amortisation of acquired intangibles and exceptional items</b>		<b>71,087</b>	73,994
Amortisation of acquired intangibles		<b>(2,608)</b>	(1,986)
Exceptional items	5	<b>(3,874)</b>	(131)
<b>Operating profit</b>		<b>64,605</b>	71,877
Finance income	7	<b>1,971</b>	2,361
Finance costs	8	<b>(1,778)</b>	(2,136)
<b>Profit before tax:</b>			
<b>Before amortisation of acquired intangibles and exceptional items</b>		<b>71,280</b>	74,219
Amortisation of acquired intangibles		<b>(2,608)</b>	(1,986)
Exceptional items	5	<b>(3,874)</b>	(131)
<b>Profit before tax</b>		<b>64,798</b>	72,102
<b>Income tax expense:</b>			
<b>Before amortisation of acquired intangibles and exceptional items</b>		<b>(16,578)</b>	(16,125)
Tax on amortisation of acquired intangibles		<b>538</b>	433
Tax on exceptional items	5	<b>362</b>	174
Exceptional tax items	5	<b>-</b>	4,427
Income tax expense	9	<b>(15,678)</b>	(11,091)
<b>Profit for the year</b>		<b>49,120</b>	61,011
<b>Attributable to:</b>			
Equity holders of the parent	10	<b>49,121</b>	61,013
Non-controlling interests		<b>(1)</b>	(2)
		<b>49,120</b>	61,011
Earnings per share	10		
- basic		<b>32.9p</b>	41.0p
- diluted		<b>32.4p</b>	39.3p

# Consolidated statement of comprehensive income

For the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Profit for the year		<b>49,120</b>	61,011
<i>Items that may be reclassified to profit or loss:</i>			
Gain/(loss) arising on cash flow hedge	22	<b>494</b>	(464)
Income tax effect		<b>(120)</b>	116
		<b>374</b>	(348)
Exchange differences on translation of foreign operations		<b>(5,311)</b>	(4,495)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(4,937)</b>	(4,843)
<b>Total comprehensive income for the period</b>		<b>44,183</b>	56,168
<b>Attributable to:</b>			
Equity holders of the parent		<b>44,182</b>	56,166
Non-controlling interests		<b>1</b>	2
		<b>44,183</b>	56,168

# Consolidated balance sheet

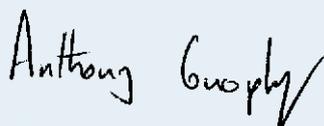
## As at 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Non-current assets</b>			
Property, plant and equipment	12	100,696	98,261
Intangible assets	13	104,612	104,242
Investment in associate	15	575	497
Deferred income tax asset	9	14,385	15,928
		<b>220,268</b>	218,928
<b>Current assets</b>			
Inventories	17	67,782	97,440
Trade and other receivables	18	573,661	548,968
Prepayments		46,250	43,042
Accrued income		58,029	47,019
Forward currency contracts	22	30	296
Current asset investment		10,000	10,000
Cash and short-term deposits	19	138,149	128,437
		<b>893,901</b>	875,202
<b>Total assets</b>		<b>1,114,169</b>	1,094,130
<b>Current liabilities</b>			
Trade and other payables	20	527,539	530,953
Deferred income		128,540	115,350
Financial liabilities	21	9,117	12,247
Forward currency contracts	22	584	464
Income tax payable		3,778	4,700
Provisions	24	4,373	2,689
		<b>673,931</b>	666,403
<b>Non-current liabilities</b>			
Financial liabilities	21	10,406	12,554
Provisions	24	6,455	9,059
Other non-current liabilities		–	831
Deferred income tax liabilities	9	1,034	1,536
		<b>17,895</b>	23,980
<b>Total liabilities</b>		<b>691,826</b>	690,383
<b>Net assets</b>		<b>422,343</b>	403,747
<b>Capital and reserves</b>			
Issued capital	27	9,234	9,233
Share premium	27	3,769	3,717
Capital redemption reserve	27	74,957	74,957
Own shares held	27	(13,848)	(10,962)
Foreign currency translation reserve	27	2,325	7,638
Retained earnings		345,893	319,152
<b>Shareholders' equity</b>		<b>422,330</b>	403,735
Non-controlling interests		13	12
<b>Total equity</b>		<b>422,343</b>	403,747

Approved by the Board on 11 March 2013



**MJ Norris**  
Chief Executive



**FA Conophy**  
Finance Director

# Consolidated statement of changes in equity

For the year ended 31 December 2012

	Attributable to equity holders of the parent								
	Issued capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
<b>At 1 January 2012</b>	<b>9,233</b>	<b>3,717</b>	<b>74,957</b>	<b>(10,962)</b>	<b>7,638</b>	<b>319,152</b>	<b>403,735</b>	<b>12</b>	<b>403,747</b>
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)
<b>At 31 December 2012</b>	<b>9,234</b>	<b>3,769</b>	<b>74,957</b>	<b>(13,848)</b>	<b>2,325</b>	<b>345,893</b>	<b>422,330</b>	<b>13</b>	<b>422,343</b>
<b>At 1 January 2011</b>	<b>9,233</b>	<b>3,697</b>	<b>74,957</b>	<b>(10,146)</b>	<b>12,137</b>	<b>279,674</b>	<b>369,552</b>	<b>10</b>	<b>369,562</b>
Profit for the year	–	–	–	–	–	61,013	61,013	(2)	61,011
Other comprehensive income	–	–	–	–	(4,499)	(348)	(4,847)	4	(4,843)
Total comprehensive income	–	–	–	–	(4,499)	60,665	56,166	2	56,168
Cost of share-based payments	–	–	–	–	–	2,476	2,476	–	2,476
Tax on share-based payment transactions	–	–	–	–	–	296	296	–	296
Exercise of options	–	20	–	2,790	–	(2,790)	20	–	20
Purchase of own shares	–	–	–	(3,606)	–	–	(3,606)	–	(3,606)
Equity dividends	–	–	–	–	–	(21,169)	(21,169)	–	(21,169)
<b>At 31 December 2011</b>	<b>9,233</b>	<b>3,717</b>	<b>74,957</b>	<b>(10,962)</b>	<b>7,638</b>	<b>319,152</b>	<b>403,735</b>	<b>12</b>	<b>403,747</b>

# Consolidated cash flow statement

## For the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Operating activities</b>			
Profit before taxation		64,798	72,102
Net finance income		(193)	(225)
Depreciation	12	24,337	27,417
Amortisation	13	9,573	7,844
Impairment reversal		–	(398)
Share-based payments		2,176	2,476
Loss on disposal of property, plant and equipment		363	545
Loss on disposal of intangibles		184	33
Decrease/(increase) in inventories		27,477	(13,698)
Increase in trade and other receivables		(49,061)	(67,372)
Increase in trade and other payables		16,755	87,687
Other adjustments		74	(3)
Cash generated from operations		96,483	116,408
Income taxes paid		(13,111)	(14,384)
<b>Net cash flow from operating activities</b>		<b>83,372</b>	<b>102,024</b>
<b>Investing activities</b>			
Interest received		1,926	2,316
Increase in current asset investment		–	(10,000)
Acquisition of subsidiaries, net of cash acquired	16	(1,754)	(24,840)
Increase investment in associate	15	(100)	(500)
Proceeds from sale of property, plant and equipment		1,074	1,449
Purchases of property, plant and equipment		(22,906)	(24,181)
Purchases of intangible assets		(8,981)	(10,487)
<b>Net cash flow from investing activities</b>		<b>(30,741)</b>	<b>(66,243)</b>
<b>Financing activities</b>			
Interest paid		(1,929)	(2,513)
Dividends paid to equity shareholders of the parent	11	(23,213)	(21,169)
Proceeds from share issues		53	20
Purchase of own shares		(4,819)	(3,606)
Repayment of capital element of finance leases		(9,201)	(17,415)
Repayment of loans		(2,353)	(1,971)
New borrowings		1,577	–
Decrease in factor financing		–	(16,500)
<b>Net cash flow from financing activities</b>		<b>(39,885)</b>	<b>(63,154)</b>
<b>Increase in cash and cash equivalents</b>		<b>12,746</b>	<b>(27,373)</b>
Effect of exchange rates on cash and cash equivalents		(2,059)	(1,776)
Cash and cash equivalents at the beginning of the year	19	126,784	155,933
<b>Cash and cash equivalents at the year-end</b>	19	<b>137,471</b>	<b>126,784</b>

# Notes to the consolidated financial statements

## For the year ended 31 December 2012

### 1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 11 March 2013. 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 2012 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 did however give rise to additional disclosures. The other pronouncements which came into force during the year were not relevant to the Group:

##### *IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has been no effect on the Group's financial position, performance or its disclosures.

##### *IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

### **2 Summary of significant accounting policies** continued

#### **Improvements to IFRS**

In May 2012 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the amendments did not have any impact on the financial position or performance of the Group.

#### *IAS 1 Presentation of Financial Statements*

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

#### *IAS 16 Property, Plant and Equipment*

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

#### *IAS 32 Financial Instruments, Presentation*

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

#### *IAS 34 Interim Financial Reporting*

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

#### **Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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

#### *IAS 19 Employee Benefits (Revised)*

#### *IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)*

#### *IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*

#### *IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7*

#### *IFRS 9 Financial Instruments: Classification and Measurement*

#### *IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements*

#### *IFRS 11 Joint Arrangements*

#### *IFRS 12 Disclosure of Interests in Other Entities*

#### *IFRS 13 Fair Value Measurement*

#### *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*

The adoption of these standards are not expected to have any impact on the financial position or performance of the Group.

#### **Critical judgements and estimates**

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

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

- revenue recognition where, on a limited number of support and managed services contracts, an estimate of the total contract costs is required to determine the stage of completion;
- estimation of residual value of assets owned to support certain contracts;
- impairment of intangible assets and goodwill, which is based upon estimates of future cash flows and discount rates for the relevant cash-generating units;
- the estimate of the value of the deferred 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 9 and 14 to the financial statements.

## 2 Summary of significant accounting policies *continued*

### Property, plant and equipment

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

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

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

Freehold land is not depreciated. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on 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.

### 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.

### 2 Summary of significant accounting policies continued

#### 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. Goodwill recognised on acquisitions prior to 1 January 2004, the date of transition to IFRS, is recorded at its amortised cost at transition to IFRS and is no longer amortised. Any goodwill asset arising on the acquisition of equity accounted entities is included within the cost of those entities.

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

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

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

#### Impairment of assets

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

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.

#### 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.

#### 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.

#### 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.

## 2 Summary of significant accounting policies *continued*

### 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.

#### Financial liabilities

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

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 when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised.

### **2 Summary of significant accounting policies** continued

#### **Derivative financial instruments and hedge accounting**

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. 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 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.

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

#### **Taxation**

##### **Current tax**

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

## 2 Summary of significant accounting policies *continued*

### Deferred tax

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

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

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

Income tax is charged or credited directly to 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.

A provision is made as soon as a loss is foreseen.

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

## Notes to the consolidated financial statements continued

### **2 Summary of significant accounting policies** continued

#### **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 28. 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.

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

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

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

The Group has an employee share trust for the granting of non-transferable options to executives and senior employees. Shares in the Group held by the employee share trust are treated as investment in own shares and are recorded at cost as a deduction from equity (see note 27).

#### **Own shares held**

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

### 3 Segmental analysis

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 monitor 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. At a Group level however management measure performance on adjusted profit before tax. 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 for management reporting purposes. 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 and classification of costs

Following our ERP implementation in the UK and Germany, the Group has been able to further align its structure and therefore how it classifies departmental costs between cost of sales and administrative expenses. The Group estimates that the net impact of these changes, principally related to pre-sales costs, has resulted in approximately £2.9 million of costs being reported in cost of sales in 2012 that were reported in administrative expenses previously. This represents the Group's best estimate of the impact of the changes made in the 2012 reported results. The results for 2011 have not been restated to reflect this change.

Segmental performance for the years ended 31 December 2012 and 2011 was as follows:

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
<b>For the year ended 31 December 2012</b>					
<b>Revenue</b>	1,195,647	1,193,796	479,306	45,465	<b>2,914,214</b>
<b>Results</b>					
Adjusted gross profit	183,914	136,992	47,297	4,984	<b>373,187</b>
Adjusted net operating expenses	(131,686)	(125,356)	(43,033)	(3,097)	<b>(303,172)</b>
Adjusted segment operating profit	52,228	11,636	4,264	1,887	<b>70,015</b>
Adjusted net interest					<b>1,265</b>
Adjusted profit before tax					<b>71,280</b>
<b>Other segment information</b>					
Capital expenditure:					
Property, plant and equipment	11,311	6,992	10,622	12	<b>28,937</b>
Goodwill and acquired intangible assets	–	–	–	1,930	<b>1,930</b>
Software	7,803	1,022	156	–	<b>8,981</b>
Depreciation	14,258	8,601	1,418	60	<b>24,337</b>
Amortisation of software	5,838	1,024	103	–	<b>6,965</b>
Amortisation of acquired intangibles	481	1,183	944	–	<b>2,608</b>
Share-based payments	1,613	522	41	–	<b>2,176</b>

## Notes to the consolidated financial statements continued

### 3 Segmental analysis continued

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
<b>For the year ended 31 December 2011</b>					
<b>Revenue</b>	1,102,184	1,228,574	478,583	42,962	<b>2,852,303</b>
<b>Results</b>					
Adjusted gross profit	167,305	157,355	50,636	4,610	<b>379,906</b>
Adjusted net operating expenses	(130,040)	(129,633)	(44,651)	(3,053)	<b>(307,377)</b>
Adjusted segment operating profit	37,265	27,722	5,985	1,557	<b>72,529</b>
Adjusted net interest					<b>1,690</b>
Adjusted profit before tax					<b>74,219</b>

#### Other segment information

Capital expenditure:					
Property, plant and equipment	18,403	19,034	1,136	136	<b>38,709</b>
Goodwill and acquired intangible assets	–	10,074	14,629	–	<b>24,703</b>
Software	8,951	1,428	108	–	<b>10,487</b>
Depreciation	15,783	11,153	410	71	<b>27,417</b>
Amortisation of software	2,886	2,879	93	–	<b>5,858</b>
Amortisation of acquired intangibles	481	765	740	–	<b>1,986</b>
Impairment reversal	–	–	(398)	–	<b>(398)</b>
Share-based payments	1,842	471	163	–	<b>2,476</b>

#### Reconciliation of adjusted results

Management review adjusted measures of performance as shown in the tables above. Adjusted profit before tax excludes exceptional items and the amortisation of acquired intangibles as shown below:

	2012 £'000	2011 £'000
Adjusted profit before tax	<b>71,280</b>	74,219
Amortisation of acquired intangibles	<b>(2,608)</b>	(1,986)
Exceptional items	<b>(3,874)</b>	(131)
Profit before tax	<b>64,798</b>	72,102

Management also review adjusted measures for gross profit, operating expenses, operating profit and net interest, which in addition takes account of interest costs of CSF within cost of sales (as these are considered to form part of the gross profit performance of a contract). The reconciliation for adjusted operating profit to operating profit, as disclosed in the Consolidated Income Statement, is as follows:

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
<b>For the year ended 31 December 2012</b>					
Adjusted segment operating profit	52,228	11,636	4,264	1,887	<b>70,015</b>
Add back interest on CSF	226	846	–	–	<b>1,072</b>
Amortisation of acquired intangibles	(481)	(1,194)	(933)	–	<b>(2,608)</b>
Exceptional items	(364)	(1,484)	(2,026)	–	<b>(3,874)</b>
Segment operating profit	51,609	9,804	1,305	1,887	<b>64,605</b>

#### For the year ended 31 December 2011

Adjusted segment operating profit	37,265	27,722	5,985	1,557	<b>72,529</b>
Add back interest on CSF	585	880	–	–	<b>1,465</b>
Amortisation of acquired intangibles	(481)	(764)	(741)	–	<b>(1,986)</b>
Exceptional items	(656)	(82)	607	–	<b>(131)</b>
Segment operating profit	36,713	27,756	5,851	1,557	<b>71,877</b>

### 3 Segmental analysis continued

#### Sources of revenue

Within each geographical segment the Group has three sources of revenue, which are aggregated and shown in the table below. The sale of goods is recorded within Supply Chain and the rendering of services is split into Professional and Contractual Services.

	2012 £'000	2011 £'000
<b>Sources of revenue</b>		
Total Supply Chain revenue	<b>2,005,584</b>	2,015,582
Services revenue		
Professional Services	<b>220,254</b>	216,906
Contractual Services	<b>688,377</b>	619,815
Total Services revenue	<b>908,630</b>	836,721
<b>Total revenue</b>	<b>2,914,214</b>	2,852,303

#### Information about major customers

Included in revenues arising from the UK segment are revenues of approximately £251 million (2011: £254 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.

### 4 Group operating profit

This is stated after charging/(crediting):

	2012 £'000	2011 £'000
Auditors' remuneration:		
Audit of the financial statements	<b>380</b>	509
Audit of subsidiaries	<b>43</b>	32
Total audit fees	<b>423</b>	541
Audit related assurance services	<b>40</b>	–
Taxation compliance services	<b>33</b>	12
Taxation advisory services	<b>49</b>	114
Corporate finance services (excluding amounts included above)	<b>–</b>	69
Total non-audit services	<b>122</b>	195
<b>Total fees</b>	<b>545</b>	736
Depreciation of property, plant and equipment	<b>24,337</b>	27,417
Loss on disposal of property, plant and equipment	<b>363</b>	545
Loss on disposal of intangible assets	<b>184</b>	33
Impairment reversal	<b>–</b>	(398)
Amortisation of software	<b>6,965</b>	5,858
Amortisation of other intangible assets	<b>2,608</b>	1,986
Net foreign currency differences	<b>(114)</b>	539
Costs of inventories recognised as an expense	<b>1,787,006</b>	1,806,390
Operating lease payments – minimum lease payments	<b>33,432</b>	42,739

## Notes to the consolidated financial statements continued

### 5 Exceptional items

	2012 £'000	2011 £'000
<b>Operating profit</b>		
Acquisition-related costs	–	(999)
Costs in relation to relocation of premises	<b>(2,390)</b>	–
Redundancy costs	<b>(1,484)</b>	–
Deferred consideration reversed	–	868
	<b>(3,874)</b>	(131)
<b>Income tax</b>		
Exceptional tax items	–	4,427
Tax on exceptional items included in operating profit	<b>362</b>	174
	<b>362</b>	4,601
Exceptional items after taxation	<b>(3,512)</b>	4,470

Included within the current 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 2012, 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.

Included within the prior year are:

- acquisition-related costs of £1.0 million, incurred in 2011 for both successful and aborted acquisitions. This cost comprised consultancy, legal and professional and tax fees regarding the acquisitions; and
- due to circumstances arising after the acquisition date, the performance criteria required to trigger deferred consideration of €1.0 million that were previously expected to be achieved, were not met. As a result, the deferred consideration liability recognised had been reversed, with the gain in the income statement disclosed as an exceptional item.

The exceptional income tax credit for the year comprised two items which, due to their size are disclosed separately as follows:

- the deferred tax asset in respect of losses in Germany was re-assessed in line with management's view of the entity's future performance. Where the reassessment exceeded the losses utilised in the year, the change in the recoverable amount of the deferred tax asset is shown as an exceptional item; and
- a deferred tax asset in respect of losses in France was recognised for the first time.

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

### 6 Staff costs and Directors' emoluments

	2012 £'000	2011 £'000
Wages and salaries	<b>510,349</b>	458,743
Social security costs	<b>80,607</b>	74,956
Share-based payments	<b>2,176</b>	2,476
Pension costs	<b>17,548</b>	14,956
	<b>610,680</b>	551,131

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

## 6 Staff costs and Directors' emoluments continued

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

	2012 No.	2011 No.
UK	5,286	4,958
Germany	5,126	4,454
France	1,752	1,440
Belgium	178	161
	<b>12,342</b>	<b>11,013</b>

## 7 Finance income

	2012 £'000	2011 £'000
Bank interest receivable	1,504	2,218
Income from investments	467	143
	<b>1,971</b>	<b>2,361</b>

## 8 Finance costs

	2012 £'000	2011 £'000
Bank loans and overdrafts	318	526
Finance charges payable on customer specific financing	1,072	1,465
Finance costs on factoring	–	80
Other interest	388	65
	<b>1,778</b>	<b>2,136</b>

## 9 Income tax

### a) Tax on profit on ordinary activities

	2012 £'000	2011 £'000
<b>Tax charged in the income statement</b>		
<i>Current income tax</i>		
UK corporation tax	14,820	10,484
Foreign tax	3,337	5,122
Adjustments in respect of prior periods	(2,952)	(1,425)
Total current income tax	<b>15,205</b>	<b>14,181</b>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(1,698)	294
Exceptional changes in recoverable amounts of deferred tax assets	–	(4,427)
Adjustments in respect of prior periods	2,171	1,043
Total deferred tax	<b>473</b>	<b>(3,090)</b>
<b>Tax charge in the income statement</b>	<b>15,678</b>	<b>11,091</b>

## Notes to the consolidated financial statements continued

### 9 Income tax continued

#### b) Reconciliation of the total tax charge

	2012 £'000	2011 £'000
Accounting profit before income tax	64,798	72,102
At the UK standard rate of corporation tax of 24.5 per cent (2011: 26.5 per cent)	15,876	19,107
Expenses not deductible for tax purposes	1,885	869
Non-deductible element of share-based payment charge	211	168
Adjustments in respect of current income tax of previous periods	(1,274)	(382)
Higher tax on overseas earnings	276	284
Other differences	(549)	677
Effect of changes in tax rate	(140)	270
Utilisation of previously unrecognised deferred tax assets	(2,098)	(6,834)
Exceptional changes in recoverable amounts of deferred tax assets	–	(4,427)
Overseas tax not based on earnings	1,491	1,359
At effective income tax rate of 24.2 per cent (2011: 15.4 per cent)	15,678	11,091

#### c) Tax losses

Deferred tax assets of £15.7 million (2011: £15.4 million) have been recognised in respect of losses carried forward.

In addition, at 31 December 2012, there were unused tax losses across the Group of £115.5 million (2011: £125.6 million) for which no deferred tax asset has been recognised. Of these losses, £61.6 million (2011: £68.5 million) arise in Germany, albeit a significant proportion have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

#### d) Deferred tax

Deferred income tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
<b>Deferred income tax liabilities</b>				
Accelerated capital allowances	2,486	653	(680)	(269)
Revaluations of foreign exchange contracts to fair value	–	74	–	18
Effect of changes in tax rate on opening liability	–	–	(219)	(234)
Amortisation of intangibles	2,334	–	(440)	–
Arising on acquisition	255	2,581	–	(244)
Gross deferred income tax liabilities	5,075	3,308		
<b>Deferred income tax assets</b>				
Relief on share option gains	1,100	1,465	(42)	207
Other temporary differences	1,605	699	1,911	1,504
Effect of changes in tax rate on opening liability	–	–	–	153
Revaluations of foreign exchange contracts to fair value	6	116	59	–
Losses available for offset against future taxable income	15,715	15,420	(116)	(4,225)
Gross deferred income tax assets	18,426	17,700		
Deferred income tax charge			473	(3,090)
Net deferred income tax asset	13,351	14,392		
<b>Disclosed on the balance sheet</b>				
Deferred income tax asset	14,385	15,928		
Deferred income tax liability	(1,034)	(1,536)		
Net deferred income tax asset	13,351	14,392		

At 31 December 2012, there was no recognised or unrecognised deferred income tax liability (2011: £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.

## 9 Income tax *continued*

### e) Impact of rate change

The main rate of UK Corporation tax was reduced to 25 per cent from 1 April 2012. Finance Act 2012 further reduced the main rate of UK Corporation tax to 24 per cent from 1 April 2013. Deferred tax has been restated accordingly in these financial statements.

Additional changes to the main rate of UK Corporation Tax are proposed, to reduce the rate by 1 per cent per annum to 23 per cent by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements. The effect of these proposed reductions would be to reduce the UK net deferred tax asset by £0.1 million.

### 10 Earnings per ordinary share

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

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

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

	2012 £'000	2011 £'000
Profit attributable to equity holders of the parent	49,121	61,013
Amortisation of acquired intangibles	2,608	1,986
Tax on amortisation of acquired intangibles	(538)	(433)
Exceptional items within operating profit	3,874	131
Tax on exceptional items included in operating profit	(362)	(174)
Exceptional tax items	–	(4,427)
Profit before amortisation of acquired intangibles and exceptional items	54,703	58,096

	2012 000's	2011 000's
Basic weighted average number of shares (excluding own shares held)	149,387	148,793
Effect of dilution:		
Share options	2,179	6,639
Diluted weighted average number of shares	151,566	155,432

	2012 pence	2011 pence
Basic earnings per share	32.9	41.0
Diluted earnings per share	32.4	39.3
Adjusted basic earnings per share	36.6	39.0
Adjusted diluted earnings per share	36.1	37.4

## Notes to the consolidated financial statements continued

### 11 Dividends paid and proposed

	2012 £'000	2011 £'000
<b>Declared and paid during the year:</b>		
Equity dividends on Ordinary Shares:		
Final dividend for 2011: 10.5 pence (2010: 9.7 pence)	15,725	14,460
Interim dividend for 2012: 5.0 pence (2011: 4.5 pence)	7,488	6,709
	<b>23,213</b>	21,169
<b>Proposed (not recognised as a liability as at 31 December)</b>		
Equity dividends on Ordinary Shares:		
Final dividend for 2012: 10.5 pence (2011: 10.5 pence)	15,589	16,157

### 12 Property, plant and equipment

	Freehold land and buildings £'000	Short leasehold improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2011	67,391	19,634	165,436	252,461
Additions	10,670	3,969	24,070	38,709
Acquisition of subsidiary undertaking	–	–	320	320
Disposals	–	(1,861)	(34,339)	(36,200)
Foreign currency adjustment	(27)	(463)	(1,424)	(1,914)
At 31 December 2011	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
<b>Accumulated depreciation and impairment</b>				
At 1 January 2011	28,649	10,362	124,568	163,579
Provided during the year	2,315	2,478	22,624	27,417
Impairment reversal	–	–	(398)	(398)
Disposals	–	(1,725)	(32,481)	(34,206)
Foreign currency adjustment	2	(420)	(859)	(1,277)
At 31 December 2011	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
<b>Net book value</b>				
At 31 December 2012	44,817	10,482	45,397	100,696
At 31 December 2011	47,068	10,584	40,609	98,261
At 1 January 2011	38,742	9,272	40,868	88,882

The impairment reversal is in relation to certain assets in France, which are in continuing use in the business, that were previously impaired. The reversal is a result of the improvements in the forecasted results for Computacenter France. The reversal has been limited to the net book value of the assets had they not been previously impaired.

## 12 Property, plant and equipment continued

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	
	2012 £'000	2011 £'000
<b>Cost</b>		
At 1 January	78,271	84,069
Additions	6,031	14,528
Disposals	(8,205)	(20,326)
At 31 December	76,097	78,271
<b>Accumulated depreciation and impairment</b>		
At 1 January	57,356	61,461
Charge for year	9,526	14,651
Disposals	(6,879)	(18,756)
At 31 December	60,003	57,356
<b>Net book value</b>	<b>16,094</b>	<b>20,915</b>

## 13 Intangible assets

	Goodwill £'000	Software £'000	Acquired intangible assets £'000	Total £'000
<b>Cost</b>				
At 1 January 2011	42,967	57,888	8,565	109,420
Additions	14,344	10,487	10,359	35,190
Acquired via subsidiary	–	–	82	82
Disposals	–	(3,912)	–	(3,912)
Foreign currency adjustment	(1,084)	(245)	(753)	(2,082)
At 31 December 2011	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)
<b>At 31 December 2012</b>	<b>56,775</b>	<b>72,504</b>	<b>18,444</b>	<b>147,723</b>
<b>Amortisation and impairment</b>				
At 1 January 2011	–	26,496	4,393	30,889
Charged during the year	–	5,858	1,986	7,844
Disposals	–	(3,878)	–	(3,878)
Foreign currency adjustment	–	(352)	(47)	(399)
At 31 December 2011	–	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)
<b>At 31 December 2012</b>	<b>–</b>	<b>34,583</b>	<b>8,528</b>	<b>43,111</b>
<b>Net book value</b>				
<b>At 31 December 2012</b>	<b>56,775</b>	<b>37,921</b>	<b>9,916</b>	<b>104,612</b>
At 31 December 2011	56,227	36,094	11,921	104,242
At 1 January 2011	42,967	31,392	4,172	78,531

## Notes to the consolidated financial statements continued

### 14 Impairment testing of goodwill and other intangible assets

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

- Computacenter (UK) Limited
- RD Trading
- Computacenter Germany
- Computacenter France
- Computacenter Switzerland
- NEWIS SA and Informativ 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
<b>1 January 2011</b>	<b>30,429</b>	<b>835</b>	<b>11,703</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>42,967</b>
Additions	–	–	3,738	9,610	996	–	14,344
Foreign currency adjustment	–	–	(495)	(514)	(75)	–	(1,084)
<b>31 December 2011</b>	<b>30,429</b>	<b>835</b>	<b>14,946</b>	<b>9,096</b>	<b>921</b>	<b>–</b>	<b>56,227</b>
Additions	–	–	–	–	–	1,080	1,080
Foreign currency adjustment	–	–	(318)	(193)	(21)	–	(532)
<b>31 December 2012</b>	<b>30,429</b>	<b>835</b>	<b>14,628</b>	<b>8,903</b>	<b>900</b>	<b>1,080</b>	<b>56,775</b>
<i>Market growth rate</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.5%</i>	
<i>Discount rate</i>	<i>11.0%</i>	<i>11.0%</i>	<i>11.0%</i>	<i>12.0%</i>	<i>12.0%</i>	<i>15.0%</i>	

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 cash-generating unit itself.

#### Key assumptions used in value in use calculations

The recoverable amounts of all six cash-generating units 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 (2011: between 1.5 and 2.5 per cent) thereafter.

Key assumptions used in the value-in-use calculation for all cash-generating units for 31 December 2012 and 31 December 2011 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 (2011: 11.0 to 12.0 per cent) which represents the Group's weighted average cost of capital adjusted for the risk profiles of the individual CGUs.

Except in France, each cash-generating unit 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.

No impairment provision on goodwill has been required at either 31 December 2012 or at 31 December 2011.

#### 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.

## 15 Investments

### a) Investment in associate

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

	2012 £'000	2011 £'000
<b>Cost</b>		
At 1 January	507	57
Acquisitions	-	500
Increase in investment	100	-
Share of associates losses	(21)	(48)
Exchange rate movement	(1)	(2)
At 31 December	585	507
<b>Impairment</b>		
At 1 January	(10)	(10)
Charge for year	-	-
At 31 December	(10)	(10)
<b>Carrying value</b>	<b>575</b>	<b>497</b>

#### Gonicus GmbH

The Group has a 20 per cent (2011: 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 ('ICS')

The Group has a 25 per cent (2011: 25 per cent) interest in ICS Solutions Limited 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. During the year the Group increased its investment in ICS Solutions Limited. The reporting date of ICS is 30 June.

## Notes to the consolidated financial statements continued

### 15 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	
			2012	2011
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%****	–
Informatic Services IS SA	Belgium	IT Infrastructure 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.

## 16 Business combinations

### *NEWIS SA and Informatic Services IS SA (together 'Belgium IS')*

On 28 December 2012 the Group acquired 100 per cent of the voting shares of NEWIS SA and its subsidiary, Informatic Services IS SA (together 'Belgium IS') for an initial consideration of €2.3 million and a contingent consideration of €0.6 million dependent on future performance. The net book value of the assets acquired included €0.1 million of net cash and bank loans. The costs of acquisition amounted to €71,000 and are included in the income statement. Belgium IS is based in Belgium and is a provider of infrastructure services including end-user support and system administration. The acquisition has been accounted for using the purchase method of accounting. The 2012 consolidated financial statements include the results of Belgium IS for the period from the acquisition date.

The book and provisional fair values of the net assets acquired were as follows:

	2012 Book value £'000	2012 Provisional fair value to Group £'000
<b>Intangible assets</b>		
Comprising:		
Existing customer relationships	–	850
Software	3	3
Total intangible assets	3	853
Property, plant and equipment	96	96
Trade and other receivables	1,299	1,299
Cash and short-term deposits	225	225
Trade and other payables	(860)	(860)
Bank loans	(144)	(144)
Deferred tax liabilities	–	(255)
Net assets	619	1,214
Goodwill arising on acquisition		1,080
		2,294
Discharged by:		
Cash paid		1,835
Deferred consideration		459
		2,294
Cash and cash equivalents acquired		
Cash and short-term deposits		(225)
Bank loans		144
Cash outflow on acquisition		2,213

The fair value of the trade receivables amounts to £1,299,000. The gross amount of trade receivables is £1,299,000. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

There were no differences between the provisional fair values and the book values at acquisition other than the recognition of intangible assets at acquisition and the related contingent tax liabilities.

Included in the £1,080,000 of goodwill that arose on acquisition are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of an assembled workforce. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition to 31 December 2012, Belgium IS contributed £nil to the Group's revenue and £nil to the Group's profit after tax.

If the acquisition of Belgium IS had taken place at the beginning of 2012, Group revenues for the period ended 31 December 2012 would have been £2,919,467,418 and profit after tax would have been £50,059,082.

### Contingent consideration

This is based on the gross margin performance of the business for the next financial year after acquisition. Management's assessment is that it is highly probable that the maximum contingent consideration will become payable and accordingly it has been included in the provisional fair value to the Group. The range of contingent consideration is between £0 and £459,000.

## Notes to the consolidated financial statements continued

### 16 Business combinations continued

#### Update on acquisitions made in 2011

During the first half of 2011, the Group acquired Top Info SAS and HSD Consult GmbH and during the second half of 2011, the Group acquired Damax AG. For each of these acquisitions, the book and provisional fair values of the net assets acquired that were disclosed in note 16 of the 31 December 2011 Annual Report and Accounts are now final and are unchanged.

### 17 Inventories

	2012 £'000	2011 £'000
Inventories for re-sale	<b>67,782</b>	97,440

### 18 Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables	<b>569,178</b>	544,335
Other receivables	<b>4,483</b>	4,633
	<b>573,661</b>	548,968

For terms and conditions relating to related party receivables, refer to note 33.

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

Note 25 sets out the Group's strategy towards credit risk.

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

	2012 £'000	2011 £'000
At 1 January	<b>13,204</b>	13,100
Charge for the year	<b>9,896</b>	6,429
Utilised	<b>(4,611)</b>	(2,763)
Unused amounts reversed	<b>(4,101)</b>	(3,391)
Foreign currency adjustment	<b>(312)</b>	(171)
At 31 December	<b>14,076</b>	13,204

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
<b>2012</b>	<b>569,178</b>	<b>475,011</b>	<b>61,098</b>	<b>20,733</b>	<b>4,636</b>	<b>2,266</b>	<b>5,434</b>
2011	544,335	417,354	86,669	22,870	6,127	7,258	4,057

## 19 Cash and short-term deposits

	2012 £'000	2011 £'000
Cash at bank and in hand	<b>109,443</b>	88,466
Short-term deposits	<b>28,706</b>	39,971
	<b>138,149</b>	128,437

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 £138,149,000 (2011: £128,437,000).

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 is £20.3 million at 31 December 2012 (2011: £15.9 million).

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

	2012 £'000	2011 £'000
Cash at bank and in hand	<b>109,443</b>	88,466
Short-term deposits	<b>28,706</b>	39,971
Bank overdrafts (note 21)	<b>(678)</b>	(1,653)
	<b>137,471</b>	126,784

### 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.

## 20 Trade and other payables

	2012 £'000	2011 £'000
Trade payables	<b>342,991</b>	308,983
Other payables	<b>184,548</b>	221,970
	<b>527,539</b>	530,953

Terms and conditions of the above financial liabilities:

For terms and conditions relating to related parties, refer to note 33.

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.

## Notes to the consolidated financial statements continued

### 21 Financial liabilities

	2012 £'000	2011 £'000
<b>Current</b>		
Bank overdrafts	678	1,653
Other loans – 'CSF'	702	1,515
Bank loan	79	–
Current obligations under finance leases – 'CSF' (note 23)	7,658	9,079
	<b>9,117</b>	12,247
<b>Non-current</b>		
Bank loan	65	–
Other loans – 'CSF'	–	9
Non-current obligations under finance leases – 'CSF' (note 23)	10,341	12,545
	<b>10,406</b>	12,554

#### 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
<b>31 December 2012</b>			
	2013	2.04%	79
	2015	3.02%-3.89%	45
	2016	2.23%	20
			<b>144</b>
Less: current instalments due on other loans			<b>(79)</b>
Non-current instalments			<b>65</b>

#### 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
<b>31 December 2012</b>			
	2013	0%-2.76%	702
Less: current instalments due on other loans			<b>(702)</b>
			<b>–</b>
	Maturity date	Interest rate	£'000
<b>31 December 2011</b>			
	2012	0%-7.84%	1,515
	2013	3.95%-4.60%	3
	2014	3.09%-4.25%	3
	2015	2.47%-3.34%	2
	2016	2.33%-2.54%	1
			<b>1,524</b>
Less: current instalments due on other loans			<b>(1,515)</b>
			<b>9</b>

## 21 Financial liabilities *continued*

The table below summarises the maturity profile of these loans:

	2012 £'000	2011 £'000
Not later than one year	702	1,515
After one year but not more than five years	–	9
	<b>702</b>	<b>1,524</b>

The finance lease and loan facilities are committed.

### Facilities

At 31 December 2012, the Group had available £20.3 million of uncommitted overdraft facilities (2011: £15.9 million).

## 22 Forward currency contracts

	2012 £'000	2011 £'000
<b>Financial instruments at fair value through profit and loss</b>		
Foreign exchange forward contracts	<b>(584)</b>	296
<b>Financial instruments at fair value through other comprehensive income</b>		
<b>Cash flow hedges</b>		
Foreign exchange forward contracts	<b>30</b>	(464)
	<b>(554)</b>	(168)

### 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.

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

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 gain of £494,000 (2011: loss of £464,000) with a deferred tax liability of £120,000 (2011: £116,000 deferred tax asset) relating to the hedging instruments is included in the other comprehensive income. The amounts retained in the other comprehensive income of £30,000 are expected to mature and affect the income statement in 2013 and 2014.

## Notes to the consolidated financial statements continued

### 23 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:

	2012		2011	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	8,418	7,658	10,017	9,079
After one year but not more than five years	10,928	10,341	13,078	12,116
More than five years	-	-	436	429
	<b>19,346</b>	<b>17,999</b>	23,531	21,624
Future finance charges	(1,347)		(1,907)	
Present value of finance lease obligation	<b>17,999</b>		21,624	

#### 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:

	2012 £'000	2011 £'000
Within one year	42,354	44,551
After one year but not more than five years	71,012	74,513
More than five years	14,243	16,210
	<b>127,609</b>	135,274

#### 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:

	2012 £'000	2011 £'000
Within one year	6,435	13,336
After one year but not more than five years	8,847	5,893
	<b>15,282</b>	19,229

The amounts receivable are directly related to the finance lease obligations detailed in note 23a.

## 24 Provisions

	Customer contract provisions £'000	Property provisions £'000	Total provisions £'000
At 1 January 2012	–	11,748	11,748
Arising during the year	2,108	173	2,281
Utilised	–	(1,714)	(1,714)
Provisions unused reversed	–	(1,363)	(1,363)
Exchange adjustment	–	(124)	(124)
<b>At 31 December 2012</b>	<b>2,108</b>	<b>8,720</b>	<b>10,828</b>
<i>Current 2012</i>	2,108	2,265	4,373
<i>Non-current 2012</i>	–	6,455	6,455
	<b>2,108</b>	<b>8,720</b>	<b>10,828</b>
<i>Current 2011</i>	–	2,689	2,689
<i>Non-current 2011</i>	–	9,059	9,059
	<b>–</b>	<b>11,748</b>	<b>11,748</b>

Customer contract provisions are based on the Directors' best estimate of the amount of future losses to completion on certain contractual services contracts.

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 four 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.

## 25 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 18 to 23.

### 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.

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

## Notes to the consolidated financial statements continued

### 25 Financial instruments continued

#### 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.

#### 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
<b>2012</b>		
Sterling	+25	203
Euro	+25	13
<b>2011</b>		
Sterling	+25	132
Euro	+25	104

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 2012 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 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

#### 31 December 2011

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK	Sterling	Euro	£500,000	Jan-12	0.8557
	US Dollar	Sterling	\$13,656,870	Jan-Apr 12	1.5400-1.6098
	US Dollar	Euro	\$1,695,465	Mar-12	1.3988
	SA Rand	Sterling	ZAR88,992,000	Jan-Dec 12	11.4325-12.5270
Germany	Dollar	Euro	\$61,300,000	Jan-Jun 12	1.294-1.444

The gains or losses arising from changes in the fair value of the above contracts are detailed in note 22.

## 25 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 £554,000 (2011: £168,000).

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
<b>Year ended 31 December 2012</b>						
Financial liabilities	1,135	2,676	5,737	11,033	–	<b>20,581</b>
Provisions	–	1,976	2,674	7,199	375	<b>12,224</b>
Trade and other payables	–	527,539	–	–	–	<b>527,539</b>
	<b>1,135</b>	<b>532,191</b>	<b>8,411</b>	<b>18,232</b>	<b>375</b>	<b>560,344</b>
<b>Year ended 31 December 2011</b>						
Financial liabilities	2,141	3,005	8,084	13,091	436	<b>26,757</b>
Property provisions	–	384	2,347	8,741	746	<b>12,218</b>
Trade and other payables	–	530,953	–	–	–	<b>530,953</b>
	<b>2,141</b>	<b>534,342</b>	<b>10,431</b>	<b>21,832</b>	<b>1,182</b>	<b>569,928</b>

### 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 2012 the Group had a current asset investment, which was measured at Level 2 fair value subsequent to initial recognition, to the value of £10.0 million (31 December 2011: £10.0 million).

At 31 December 2012 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 £554,000 (31 December 2011: £168,000).

The realised losses from forward currency contracts in the period to 31 December 2012 of £386,000 (2011: £730,000), are offset by broadly equivalent realised gains on the related underlying transactions.

### 26 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 2012 the cover was 2.3 times, on a pre-exceptional basis (2011: 2.5 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.

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 2012, 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 fulfill 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.

The measures of net funds that the Group monitors are:

	2012 £'000	2011 £'000
<b>Net funds excluding CSF</b>	<b>147,237</b>	136,784
Customer specific financing	<b>(18,701)</b>	(23,148)
<b>Net funds</b>	<b>128,626</b>	113,636

The Group continued to benefit from the extension of an improvement in credit terms with a significant vendor, equivalent to £34 million at 31 December 2012, a reduction of approximately £11 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, and as a result of the strong cash position, has allowed certain bank and factoring facilities to expire during 2012. At 31 December 2012, the Group had available £20.3 million of uncommitted overdraft facilities (2011: £15.9 million of uncommitted overdraft and factoring facilities).

## 27 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.

### A Ordinary Shares

Issued and fully paid	No. '000	£'000
<b>At 1 January 2011</b>	<b>153,880</b>	9,233
Ordinary shares issued during the year for cash on exercise of share options	8	–
<b>At 31 December 2011</b>	<b>153,888</b>	9,233
Ordinary shares issued during the year for cash on exercise of share options	20	1
<b>At 31 December 2012</b>	<b>153,908</b>	9,234

During the year, the issued share capital was increased by £1,200 by the issue of 20,000 ordinary shares of 6 pence each.

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

The Company has 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 28).

### 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 (2011: nil).

### Own shares held

Own shares held comprise the following:

#### i) Computacenter Employee Share Ownership Plan

Shares in the parent undertaking comprise 4,072,849 (2011: 4,676,785) 6 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 3.4 per cent (2011: 3.0 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 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 4,072,849 (2011: 4,676,785) shares that it owns which are all unallocated shares.

## Notes to the consolidated financial statements continued

### 27 Issued capital and reserves continued

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

The total shares held are 327,489 (2011: 105,121), which represents 0.1 per cent (2011: 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 2012 was £673,450 (2011: £351,735).

The Quest Trustees have waived dividends in respect of all of these shares. During the year the Quest subscribed for 705,000 (2011: 193,213) 6 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.

### 28 Share-based payments

#### Executive share option scheme

During the year, options were exercised with respect to 227,316 (2011: 189,000) 6 pence ordinary shares at a nominal value of £13,639 (2011: £11,340) at an aggregate premium of £636,119 (2011: £523,530).

Under the Computacenter Employee Share Option Scheme 1998 and the Computacenter Services Group Executive Share Scheme, options in respect of 515,000 (2011: 9,000) shares lapsed.

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

Date of grant	Exercisable between	Exercise price	2012 Number outstanding	2011 Number outstanding
10/04/2002	10/04/2005–09/04/2012	322.00p	–	112,316
10/04/2002	10/04/2005–09/04/2012	331.00p	–	10,000
21/03/2003	21/03/2006–20/03/2013	266.50p	15,000	35,000
02/04/2004	02/04/2007–01/04/2014	424.00p	30,000	30,000
24/10/2006	24/10/2011–23/10/2016	250.00p	958,000	1,362,800
17/04/2007	17/04/2012–16/04/2017	285.00p	30,000	225,200
			<b>1,033,000</b>	1,775,316

Please refer to the information given in the Directors' interest in share incentive schemes table in the Directors' Remuneration Report on page 46 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.

	2012 No.	2012 WAEP	2011 No.	2011 WAEP
<b>Executive share option scheme</b>				
Outstanding at the beginning of the year <sup>1</sup>	1,775,316	£2.95	1,973,316	£2.65
Forfeited during the year	515,000	£2.65	(9,000)	£4.24
Exercised during the year <sup>2</sup>	227,316	£2.86	(189,000)	£2.83
Outstanding at the end of the year	1,033,000	£2.56	1,775,316	£2.95
Exercisable at the end of the year	1,033,000	£2.56	1,775,316	£2.95

The weighted average remaining contractual life for the share options outstanding as at 31 December 2012 is 3.70 years (2011: 4.27 years).

#### Notes

- Included within this balance are options over nil (2011: 122,316) shares that have not been accounted for under IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.
- The weighted average share price at the date of exercise for the options exercised is £4.17 (2011: £4.56).

## 28 Share-based payments *continued*

### Computacenter Performance-Related Share Option Scheme

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

During the year, options were exercised with respect to 189,440 (2011: nil) 6 pence ordinary shares at a nominal value of £11,366 (2011: nil) at an aggregate premium of £598,630 (2011: nil).

At 31 December 2012 the number of shares under outstanding options was as follows:

Date of grant	Exercisable between	Exercise price	2012 Number outstanding	2011 Number outstanding
10/04/2002	10/04/2005–09/04/2012	322.00p	–	189,440

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

	2012 No.	2012 WAEP	2011 No.	2011 WAEP
<b>Computacenter performance-related share option scheme</b>				
Outstanding at the beginning of the year	189,440	£3.22	189,440	£3.22
Exercised during the year	(189,440)	£3.22	–	–
Outstanding at the end of the year	–	–	189,440	£3.22
Exercisable at the end of the year	–	–	189,440	£3.22

### 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 1,179,689 (2011: 1,086,024) shares were awarded, 1,285,860 (2011: 1,273,722) were exercised and 1,285,356 (2011: 462,342) lapsed.

At 31 December 2012 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	2012 Number outstanding	2011 Number outstanding
13/03/2009	13/03/2012	126.50p	–	1,173,054
20/03/2009	20/03/2012	123.00p	–	1,260,000
15/03/2010	15/03/2013	315.80p	971,169	1,093,374
17/03/2011	17/03/2013	423.00p	51,017	51,017
17/03/2011	17/03/2014	423.00p	1,005,670	1,021,627
23/03/2012	23/03/2014	433.00p	70,672	–
23/03/2012	23/03/2015	433.00p	1,109,017	–
			<b>3,207,545</b>	4,599,072

The weighted average share price at the date of exercise for the options exercised is £4.32 (2011: £4.18).

The weighted average remaining contractual life for the options outstanding as at 31 December 2012 is 1.3 years (2011: 1.2 years).

## Notes to the consolidated financial statements continued

### 28 Share-based payments continued Computacenter Sharesave Scheme

The Company operates a Sharesave Scheme which is available to all employees and full time Executive Directors of the Company and its subsidiaries who have worked for a qualifying period. All options granted under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. During the year 747,775 (2011: 583,927) options were granted with a fair value of £773,142 (2011: £732,838).

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

Date of grant	Exercisable between	Share price	2012 Number outstanding	2011 Number outstanding
October-2006	01/12/2011-31/05/2012	254.00p	–	18,156
October-2007	01/12/2012-31/05/2013	178.00p	172,820	494,127
October-2009	01/12/2012-31/05/2013	320.00p	149,399	322,375
October-2009	01/12/2014-31/05/2015	320.00p	114,567	133,026
October-2010	01/12/2013-31/05/2014	286.00p	492,650	532,892
October-2010	01/12/2015-31/05/2016	258.00p	772,481	822,044
October-2011	01/12/2014-31/05/2015	369.00p	239,974	256,405
October-2011	01/12/2016-31/05/2017	332.00p	291,624	326,619
October-2012	01/12/2015-31/05/2016	381.00p	261,726	–
October-2012	01/12/2017-31/05/2018	343.00p	475,817	–
			<b>2,971,058</b>	2,905,644

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

	2012 No.	2012 WAEP	2011 No.	2011 WAEP
<b>Sharesave scheme</b>				
Outstanding at the beginning of the year	2,905,644	£2.77	2,758,808	£2.55
Granted during the year	747,775	£3.56	583,927	£3.48
Forfeited during the year	(205,738)	£2.92	(225,893)	£2.66
Exercised during the year <sup>1</sup>	(476,624)	£2.26	(211,198)	£2.00
Outstanding at the end of the year	2,971,058	£3.04	2,905,644	£2.77
Exercisable at the end of the year	322,219	£2.44	18,156	£2.54

Notes

1 The weighted average share price at the date of exercise for the options exercised is £3.93 (2011: £4.15).

The weighted average remaining contractual life for the options outstanding as at 31 December 2012 is 3.1 years (2011: 3.2 years).

## 28 Share-based payments *continued*

The fair value of the Executive Share Option Scheme, the Performance-Related Share Option Scheme, the LTIP Performance Share Plan and Sharesave Scheme plans are estimated as at the date of grant using the Black-Scholes valuation model.

The following tables give the assumptions made during the year ended 31 December 2012 and 31 December 2011:

### 2012

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
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 9 on page 46 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

### 2011

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Date of grant	17/03/2011	17/03/2011	17/03/2011	28/10/2011	28/10/2011
Number of instruments granted	584,112	446,640	51,017	256,405	327,522
Exercise price	£nil	£nil	£nil	£3.69	£3.32
Share price at date of grant	£4.23	£4.23	£4.23	£3.85	£3.85
Contractual life (years)	3	3	2	3	5
Vesting conditions	See note 8 on page 46 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	49.7%	49.0%
Expected option life at grant date (years)	3	3	2	3	5
Risk-free interest rate	n/a	n/a	n/a	1.43%	1.43%
Dividend yield	3.12%	3.12%	3.12%	3.69%	3.69%
Fair value per granted instrument determined at grant date	£3.85	£3.85	£3.97	£1.12	£1.36

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.

#### Notes

- 1 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 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.

## Notes to the consolidated financial statements continued

### 29 Analysis of changes in net funds

	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)	<b>138,149</b>
Bank overdraft	(1,653)	940	–	35	<b>(678)</b>
Cash and cash equivalents	126,784	12,746	–	(2,059)	<b>137,471</b>
Current asset investment	10,000	–	–	–	<b>10,000</b>
Bank loans	–	(144)	–	–	<b>(144)</b>
<b>Net funds excluding customer specific financing</b>	<b>136,784</b>	<b>12,602</b>	<b>–</b>	<b>(2,059)</b>	<b>147,327</b>
Customer specific finance leases	(21,624)	9,201	(6,031)	455	<b>(17,999)</b>
Customer specific other loans	(1,524)	776	–	46	<b>(702)</b>
<b>Total customer specific financing</b>	<b>(23,148)</b>	<b>9,977</b>	<b>(6,031)</b>	<b>501</b>	<b>(18,701)</b>
<b>Net funds</b>	<b>113,636</b>	<b>22,579</b>	<b>(6,031)</b>	<b>(1,558)</b>	<b>128,626</b>

	At 1 January 2011 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2011 £'000
Cash and short-term deposits	159,269	(29,014)	–	(1,818)	<b>128,437</b>
Bank overdraft	(3,336)	1,641	–	42	<b>(1,653)</b>
Cash and cash equivalents	155,933	(27,373)	–	(1,776)	<b>126,784</b>
Current asset investment	–	10,000	–	–	<b>10,000</b>
Factor financing	(16,494)	16,500	–	(6)	<b>–</b>
<b>Net funds excluding customer specific financing</b>	<b>139,439</b>	<b>(873)</b>	<b>–</b>	<b>(1,782)</b>	<b>136,784</b>
Customer specific finance leases	(24,894)	17,415	(14,528)	383	<b>(21,624)</b>
Customer specific other loans	(3,532)	1,971	–	37	<b>(1,524)</b>
<b>Total customer specific financing</b>	<b>(28,426)</b>	<b>19,386</b>	<b>(14,528)</b>	<b>420</b>	<b>(23,148)</b>
<b>Net funds</b>	<b>111,013</b>	<b>18,513</b>	<b>(14,528)</b>	<b>(1,362)</b>	<b>113,636</b>

### 30 Adjusted management cash flow statement

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

- 1) Factor financing is not included within the statutory definition of cash and cash equivalents, but when the Group has had factor facilities, operationally they have been managed within the total net funds/borrowings of the businesses; and
- 2) Items relating to customer specific financing are adjusted for as follows:
  - a. Interest paid on customer specific financing is reclassified from interest paid to adjusted operating profit; and
  - b. Where customer specific assets are financed by finance leases and the liabilities are matched by future amounts receivable under customer operating lease rentals, the depreciation of leased assets and the repayment of the capital element of finance leases are offset within 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.
- 3) 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 2012 is not materially different to the carrying value.

	2012 £'000	2011 £'000
Adjusted profit before taxation	71,280	74,219
Net finance income	(1,265)	(1,690)
Depreciation and amortisation	24,384	20,596
Share-based payment	2,176	2,476
Working capital movements	(11,711)	281
Other adjustments	377	(358)
<b>Adjusted operating cash inflow</b>	<b>85,241</b>	<b>95,524</b>
Net interest received	1,118	1,268
Income taxes paid	(13,111)	(14,384)
Capital expenditure and disposals	(30,813)	(33,186)
Acquisitions and disposals	(1,854)	(25,340)
Equity dividends paid	(23,213)	(21,169)
<b>Cash inflow before financing</b>	<b>17,368</b>	<b>2,713</b>
<b>Financing</b>		
Proceeds from issue of shares	53	20
Purchase of own shares	(4,819)	(3,606)
<b>Increase/(decrease) in net funds excluding CSF in the period</b>	<b>12,602</b>	<b>(873)</b>
Increase/(decrease) in net funds excluding CSF	12,602	(873)
Effect of exchange rates on net funds excluding CSF	(2,059)	(1,782)
Net funds excluding CSF at beginning of period	136,784	139,439
<b>Net funds excluding CSF at end of period</b>	<b>147,327</b>	<b>136,784</b>

## Notes to the consolidated financial statements continued

### 31 Capital commitments

At 31 December 2012 and 31 December 2011 the Group held no significant commitments for capital expenditure.

### 32 Pensions and other post-employment benefit plans

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

### 33 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	18	519	–	5

### 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 45 and 49 for details of compensation given to the Group's key management personnel. A summary of the compensation of key management personnel is provided below:

	2012 £'000	2011 £'000
Short-term employee benefits	1,492	1,758
Social security costs	445	387
Share-based payment transactions	1,003	1,079
Pension costs	12	12
Total compensation paid to key management personnel	2,952	3,236

The interest of the key management personnel in the Group's share incentive schemes are disclosed in the Directors' Remuneration Report on page 46.

# 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 2012 which comprise the Company Balance Sheet and the related notes 1 to 12. 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 99, 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 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 2012;
- 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the Parent Company financial statements.

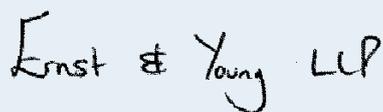
## Matters on which we are required to report by exception

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 2012.



## Nick Powell (Senior Statutory Auditor)

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

11 March 2013

# Company balance sheet

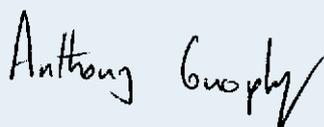
As at 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Intangible assets	2	93,221	101,721
Tangible assets	3	22,100	23,715
Investments	4	171,289	188,235
		<b>286,610</b>	313,671
<b>Current assets</b>			
Debtors	5	90,168	90,126
Cash at bank and in hand		42	265
		<b>90,210</b>	90,391
<b>Creditors: amounts falling due within one year</b>	6	<b>45,051</b>	159,638
<b>Net current assets/(liabilities)</b>		<b>45,159</b>	(69,247)
<b>Total assets less current liabilities</b>		<b>331,769</b>	244,424
<b>Creditors: amounts falling due after more than one year</b>	7	<b>-</b>	18,535
<b>Provisions for liabilities and charges</b>	8	<b>-</b>	109
<b>Total assets less liabilities</b>		<b>331,769</b>	225,780
<b>Capital and reserves</b>			
Called up share capital	9	9,234	9,233
Share premium account	9	3,769	3,717
Capital redemption reserve	9	74,957	74,957
Merger reserve	9	55,990	55,990
Own shares held	9	(11,887)	(9,001)
Profit and loss account	9	199,706	90,884
Equity shareholders' funds		<b>331,769</b>	225,780

Approved by the Board on 11 March 2013



**MJ Norris**  
Chief Executive



**FA Conophy**  
Finance Director

# Notes to the Company financial statements

## For the year ended 31 December 2012

### 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 11 March 2013. 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 £131,792,000 (2011: £165,674).

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.

## 2 Intangible assets

	Intellectual property £'000
<b>Cost</b>	
At 1 January 2012 and 31 December 2012	<b>169,737</b>
<b>Amortisation</b>	
At 1 January 2012	68,016
Charge in the year	8,500
<b>At 31 December 2012</b>	<b>76,516</b>
<b>Net book value</b>	
<b>At 31 December 2012</b>	<b>93,221</b>
At 31 December 2011	101,721

## 3 Tangible assets

	Freehold land and buildings £'000
<b>Cost</b>	
At 1 January 2012 and 31 December 2012	<b>42,350</b>
<b>Depreciation</b>	
At 1 January 2012	18,635
Charge in the year	1,615
<b>At 31 December 2012</b>	<b>20,250</b>
<b>Net book value</b>	
<b>At 31 December 2012</b>	<b>22,100</b>
At 31 December 2011	23,715

## 4 Investments

	Investments in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Investment £'000	Total £'000
<b>Cost</b>				
At 1 January 2012	<b>257,583</b>	<b>2,754</b>	<b>525</b>	<b>260,862</b>
Reclassification	500	–	(500)	–
Share-based payments	2,176	–	–	2,176
<b>At 31 December 2012</b>	<b>260,259</b>	<b>2,754</b>	<b>25</b>	<b>263,038</b>
<b>Amounts provided</b>				
At 1 January 2012	<b>69,848</b>	<b>2,754</b>	<b>25</b>	<b>72,627</b>
Provided during the year	19,122	–	–	19,122
At 31 December 2012	<b>88,970</b>	<b>2,754</b>	<b>25</b>	<b>91,749</b>
<b>Net book value</b>				
<b>At 31 December 2012</b>	<b>171,289</b>	<b>–</b>	<b>–</b>	<b>171,289</b>
At 31 December 2011	187,735	–	500	188,235

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 15.

## Notes to the Company financial statements continued

### 5 Debtors

	2012 £'000	2011 £'000
Amount owed by subsidiary undertaking	90,000	90,000
Other debtors	126	126
Deferred tax	42	–
	<b>90,168</b>	90,126

### 6 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amount owed to subsidiary undertaking	34,892	158,825
Accruals	1,122	702
Deferred income	8,735	–
Corporation tax	302	111
	<b>45,051</b>	159,638

### 7 Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Deferred income	–	18,535

### 8 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 January 2012	109
Capital allowances in advance of depreciation	(109)
<b>At 31 December 2012</b>	<b>–</b>

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

## 9 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
<b>At 1 January 2011</b>	<b>9,233</b>	<b>3,697</b>	<b>74,957</b>	<b>(8,185)</b>	<b>55,990</b>	<b>112,201</b>	<b>247,893</b>
Exercise of options	–	20	–	2,790	–	(2,790)	20
Total recognised gains and losses in the year	–	–	–	–	–	166	166
Purchase of own shares	–	–	–	(3,606)	–	–	(3,606)
Share options granted to employees of subsidiary companies	–	–	–	–	–	2,476	2,476
Equity dividends	–	–	–	–	–	(21,169)	(21,169)
<b>At 31 December 2011</b>	<b>9,233</b>	<b>3,717</b>	<b>74,957</b>	<b>(9,001)</b>	<b>55,990</b>	<b>90,884</b>	<b>225,780</b>
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)
<b>At 31 December 2012</b>	<b>9,234</b>	<b>3,769</b>	<b>74,957</b>	<b>(11,887)</b>	<b>55,990</b>	<b>199,706</b>	<b>331,769</b>

## 10 Contingent liabilities

The Company has given a guarantee in the normal course of business to a supplier of a subsidiary undertaking for an amount not exceeding £5.1 million (2011: £16.6 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 £0.6 million (2011: £1.6 million).

## 11 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 33 of the Group accounts.

## 12 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

	2008 £m	2009 £m	2010 £m	2011 £m	2012 £m
Revenue	2,560.1	2,503.2	2,676.5	2,852.3	<b>2,914.2</b>
Adjusted* operating profit	42.1	53.9	64.4	72.5	<b>70.0</b>
Adjusted* profit before tax	43.1	54.2	66.1	74.2	<b>71.3</b>
Profit for the year	37.3	37.7	50.3	61.0	<b>49.1</b>
Adjusted* diluted earnings per share	21.0p	27.7p	33.0p	37.4p	<b>36.1p</b>
Net cash excluding CSF	4.6	86.4	139.4	136.8	<b>147.3</b>
Year-end headcount	10,220	10,296	10,566	11,626	<b>12,627</b>

\* Before amortisation of acquired intangibles and exceptional items. Adjusted operating profit is stated after charging finance costs on customer-specific financing. In 2008 and 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

	2008 £m	2009 £m	2010 £m	2011 £m	2012 £m
Tangible assets	123.3	105.3	88.9	98.3	<b>100.7</b>
Intangible assets	51.6	73.0	78.5	104.2	<b>104.6</b>
Investment in associate	–	–	–	0.5	<b>0.6</b>
Deferred tax asset	16.7	16.4	15.5	15.9	<b>14.4</b>
Inventories	105.8	67.1	81.6	97.4	<b>67.8</b>
Trade and other receivables	529.5	475.6	471.1	549.0	<b>573.7</b>
Prepayments and accrued income	97.7	85.3	84.2	90.1	<b>104.2</b>
Forward currency contracts	(0.6)	0.7	0.6	(0.2)	<b>(0.6)</b>
Current asset investment	–	–	–	10.0	<b>10.0</b>
Cash	53.4	108.0	159.3	128.4	<b>138.1</b>
Current liabilities	(602.6)	(557.5)	(588.2)	(665.9)	<b>(673.3)</b>
Non-current liabilities	(53.6)	(35.5)	(22.0)	(24.0)	<b>(17.9)</b>
Net assets	321.1	338.6	369.6	403.7	<b>422.3</b>

## Financial calendar

Title	Date
Dividend record date	17 May 2013
AGM	17 May 2013
Dividend payment date	14 June 2013
Interim results announcement	30 August 2013
Dividend record date	20 September 2013
Dividend payment date	18 October 2013

# 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)  
Ian Lewis (Non-Executive Director)  
Peter Ogden (Non-Executive Director)  
John Ormerod (Non-Executive Director)

## Principal Bankers

### Barclays Bank plc

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

## Auditors

### Ernst & Young LLP

One More London Place  
London  
SE1 2AF  
United Kingdom  
Tel: +44 (0) 20 7951 2000

## Company Secretary

Stephen Benadé

## Registered Office

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

## Stockbrokers and Investment

### Bankers

#### Credit Suisse

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

## Investec Investment Banking

2 Gresham Street  
London  
EC2V 8QP  
United Kingdom  
Tel: +44 (0) 20 7597 5120

## Registrar and Transfer Office

### Equiniti

Aspect House  
Spencer Road  
Lancing  
BN99 6DA  
United Kingdom  
Tel: +44 (0) 871 384 2074

(Calls to this number cost 8p per minute plus network extras).

## Solicitors

### Linklaters

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

## Company Registration Number

3110569

## Internet Address

**Computacenter Group**  
[www.computacenter.com](http://www.computacenter.com)

# Principal offices

## **UK and Group Headquarters**

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

## **Belgium**

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

## **France**

Computacenter France SAS  
Agence de Roissy  
229 rue de la Belle Étoile  
ZI Paris Nord II  
BP 52387  
95943 Roissy CDG Cedex  
France  
Tel: +33 (0) 1 48 17 41 00  
Fax: +33 (0) 1 70 73 42 22

## **Germany**

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

## **Luxembourg**

Computacenter PSF SA  
13-15 Parc d'activités  
8308 Capellen  
Luxembourg  
Tel: +352 (0) 26 29 11  
Fax: +352 (0) 26 29 1 815

## **Malaysia**

Computacenter Services  
(Malaysia) SDN BHD  
Level 8, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

## **Netherlands**

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

## **South Africa**

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

## **Spain**

Computacenter Services (Iberia) S.L.U.  
C/Balmes 236  
08006 Barcelona  
Spain  
Tel: +34 (0) 936 207 000  
Fax: +34 (0) 936 207 025

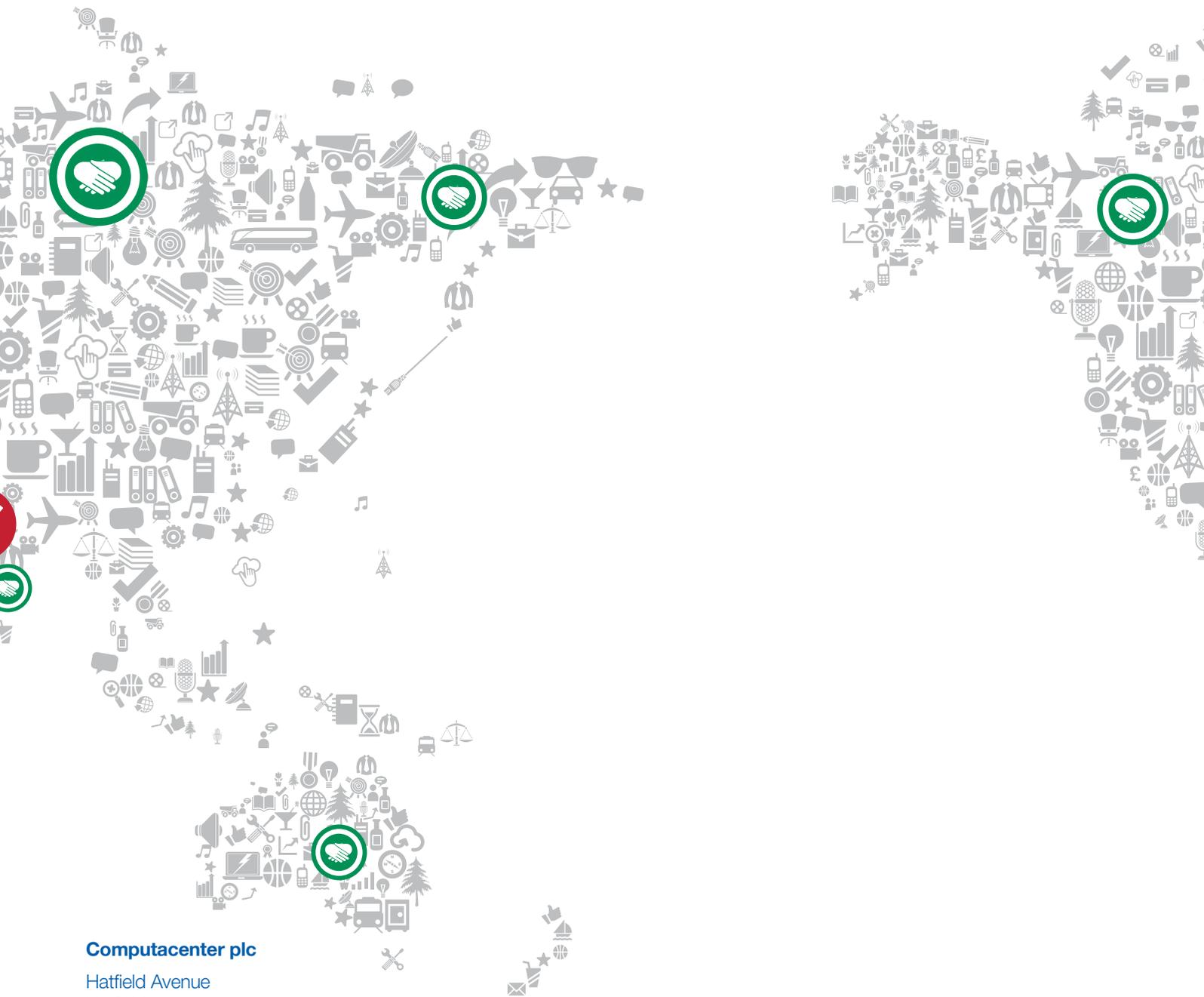
## **Switzerland**

Computacenter AG  
Riedstrasse 14  
CH-8953 Dietikon  
Switzerland  
Tel: +41 (0) 43 322 40 80



Printed on Core Offset which is made from 100 per cent recycled fibres sourced only from post consumer waste. Core Offset is certified according to the rules for the Forest Stewardship Council.

Designed and produced by Carnegie Orr  
+44 (0) 20 7610 6140.  
[www.carnegieorr.com](http://www.carnegieorr.com)



**Computacenter plc**

Hatfield Avenue  
Hatfield  
Hertfordshire  
AL10 9TW  
United Kingdom

Tel: +44 (0) 1707 631000  
Fax: +44 (0) 1707 639966

E&OE. All trademarks acknowledged.  
© 2013 Computacenter.  
All rights reserved.

[www.computacenter.com](http://www.computacenter.com)