

Annual Report
and Accounts 2014



Making innovation work



Enabling Users
and their business



Our am

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Revenue (£m)

3,107.8
+1.2%

Adjusted* profit (£m)

85.9
+5.1%

Adjusted* earnings per share (pence)

46.8
+8.1%

* Adjusted profit refers to adjusted profit before tax and adjusted earnings per share refers to adjusted diluted earnings per share. Both are stated prior to exceptional items and amortisation of acquired intangibles. Adjusted operating profit is also stated after charging interest on customer specific financing.

bition

is to be Europe's preferred IT provider to enable users and their business.

Statutory profit** (£m)

76.4
+51.3%

Statutory earnings per share** (pence)

40.0
+73.9%

Dividend per share*** (pence)

19.0
+8.6%

** Statutory profit refers to the unadjusted profit before tax and statutory earnings per share refers to diluted earnings per share.

*** Please note that the dividend per share figure provided has not been adjusted for the share capital consolidation that took place on 20 February 2015. The figures, as adjusted for the share capital consolidation are provided within the section entitled 'Dividend' on page 28 of this Annual Report.

Our business

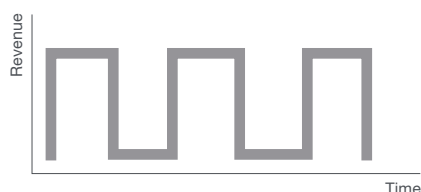
Three complementary entry points for our customers and a balanced portfolio for Computacenter to achieve long-term growth.



Consult & Change What we do

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

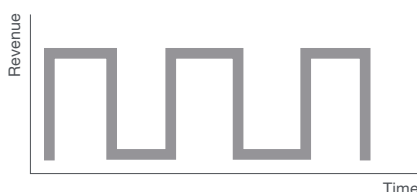
Revenue characteristics Dependent on forward order book.



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.

Revenue characteristics Large contracts, low margins and low visibility.



Manage & Transform What we do

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

Revenue characteristics High visibility, long-term and stable.



Professional Services revenue (£m)

259.7
+7.3%

2014	259.7
2013	242.1
2012	220.3
2011	216.9
2010	192.4

Supply Chain revenue (£m)

2,122.3
+0.8%

2014	2,122.3
2013	2,106.2
2012	2,005.6
2011	2,015.6
2010	1,888.4

Contractual Services revenue (£m)

725.8
+0.3%

2014	725.8
2013	723.8
2012	688.4
2011	619.8
2010	595.7

A solid performance



Greg Lock
Chairman

2014 saw excellent progress in our UK business, where the Contractual Services contract base grew by 9.9 per cent, as we won a number of significant bids and expanded our customer base. In Germany, our focus on the long term and integrating processes into our Group model delivered encouraging progress, and in France we were uncompetitive and undertook a restructuring programme in the second half of the year to address this. Nevertheless, we delivered solid financial results at a Group level, whilst making appropriate investments in our services offerings and risk management.

We are here to enable users of IT and support Chief Information Officers ('CIOs') in their increasingly demanding tasks. To that end we have, and will continue to, invest in our service capability, mobile platform management, cloud and security capabilities.

We seek continued improvement in our financial performance in 2015, as we continue on our long haul journey. Our ambition is to become Europe's preferred IT services provider. As with all great ambitions it should always be tantalisingly close, but we are determined never to declare victory in its pursuit.

After the year closed, we announced the sale of our recycling business R.D. Trading Limited, and an agreement to continue using its services under new ownership. The proceeds of that sale and our healthy cash generation in 2014 have allowed us to propose and deliver a return of £100 million to shareholders, just 18 months or so after returning £75 million. We will continue to manage this enterprise, which has no debt, with a relentless focus on working capital improvement and winning business. We owe you, our shareholders, customers and employees no less. I thank all three constituents for your faith, business, hard work and talent respectively.

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

Greg Lock
Chairman
11 March 2015

Computacenter – 20 years on



Our markets – p6

Digital transformation brings growth and innovation back on the CIO's agenda.

Resources and relationships – p7

We focus on our best people, infrastructure and tools to deliver convincing results for our customers.

Our strategy – p8

Being the champion of the user builds on our heritage and provides differentiation.

Our business model – p14

The customer-centric model is designed to provide long-term shareholder returns.

2014 was my twentieth year as Chief Executive Officer of Computacenter. During that time the Group has changed beyond recognition, becoming a public company in 1998, and subsequently continuing to grow its revenues, operational locations and the services that it provides to its customers. Whilst the Group has continued to evolve and mature over that period, there are two of our stakeholders who have been, and continue to be, fundamental to our success: our people and our customers.

Computacenter has always recognised that people matter. I have been privileged to witness the talent and dedication of our employees at close proximity over a long period of time, and without their support the Group would not be where it is now. I would like to offer my thanks to all for their ongoing efforts. We also recognise that the growth and development of the business over recent

years would not have been possible on our own, and the relationships we have with our vendors, sub-contractors and other external stakeholders have been, and remain crucial in any success that we have.

We have always been clear about the need to put our customers first, which includes being straightforward and transparent in our dealings with them. Our relationships with our customers have been aided by the longevity and continued relevance of our client director management model, which allows our empowered and accountable client directors to respond flexibly, quickly and decisively to the needs and wants of our customers.

Computacenter's ideology has always been to grow with our customers, and whilst we are looking to build value for our stakeholders across all time horizons, we continue to consider the long term in all aspects and at all levels of our decision-making. This allows us to recognise, take responsibility for and improve levels of service where we fall short of the high standards that our customers expect from us, and that we expect from ourselves. Our customers put their faith in us to deliver for them, and we understand the importance of keeping our promises to them.

Moving forward as a Group

However, we realise that in some areas the Company cannot remain the same, and that there is an inherent need to keep developing. The competition in our markets remains fierce and unrelenting, technology is continuously developing and the end-users of our customers are becoming increasingly

sophisticated and demanding. The significant strategy work undertaken by the Group's Board and Management over the previous 24 months has allowed us to bring further clarity to what we want to deliver, and who we want to do business with. Computacenter cannot be, and should not be, all things to all people. Through our clarity of strategic ambition and the operating stability that we have now achieved through the implementation of our Group Operating Model, we will focus relentlessly on our execution across all of our operating geographies, which will have access to the Group's best people, processes and tools.

When I look back over the last 20 years, I am pleased with the progress that the Group has made, and in dealing with our future challenges we should be confident and recognise that there is much to build on. Whilst I am pleased, I am not satisfied. There remains much to do and improve, many opportunities to exploit and our passion to deliver for our customers remains as strong as ever.

I would like to thank you, our shareholders for your consistent and unwavering support during the period. I look forward to seeing you, and hope to receive your support at our Annual General Meeting on 19 May 2015.



Mike Norris
Chief Executive Officer
11 March 2015

Digital Transformation

The development of Social, Mobile, Analytics and Cloud technologies, together with the 'Internet of Things', is driving massive change in almost all industries and thus brings growth and innovation back on the CIO's agenda.

Rise of mobility

The rise of mobility changes the way users work. In 2014, there were more than 7.7 billion mobile devices in use worldwide, including both phones and tablets. This is a number higher than the world's population. The time people spend on mobile applications ('apps') will soon match the time they spend watching television. Employees want to experience the same kind of engagement and empowerment in the workplace that they have as a consumer in their private lives. As a result, users are starting to mix business and private app-based services in the form of a personal cloud.

Engagement systems

Engagement systems are driving technology-led business innovation. The emergence of this new breed of systems will have an increasing impact on customers, partners and employees. Engagement systems are user-focused and take advantage of Social, Mobile, Analytics and Cloud technologies to deliver a more personalised experience for core business processes through the use of smart products and services. These include mobile devices, and collaborative as well as service apps.

Many analysts are predicting that future IT spending will shift massively from legacy, systems of record (for example, Enterprise Resource Planning) to engagement systems in the next five years.

Internet of Things

The 'Internet of Things' is driving an explosion of data. The 'things' that could be connected range from car parts and wind turbines, to household and consumer devices such as heating thermostats and game consoles. The resulting upsurge in data from machines, as well as web-based and social media apps and enterprise content, needs to be managed. In order to deal with this issue, the German government has recently established a national initiative called 'Industrie 4.0'. This is designed to infuse digital innovation into traditional industries, such as automotive and manufacturing.

Cloud is reality

Organisations are using the cloud model to augment each of their infrastructure capacity and software and development resources. Customers typically begin by establishing a private cloud capability, before adding public cloud services, which results in a hybrid environment that needs to be appropriately managed. Hybrid cloud environments will need to be orchestrated on all levels, meaning that cloud services on the infrastructure, platform and software level, whether private or public, have to be provisioned and scaled up or down in a highly automated, secure, reliable and compliant way.

Security requirements

Security is an ever-increasing requirement, and not only within the cloud space. Due to increasing levels of connectivity within the business and the consumer world, the volume and impact of threats (such as organised crime, business espionage and nation states, amongst others) is also rising. Therefore, security needs to be embedded in every IT service or solution, whether this be on the device, across the network or in the datacenter, as well as at an application and information layer.

The technology market is experiencing change at an unprecedented rate. New entrants are challenging the traditional vendors, especially in the converged infrastructure space, and this is forcing those traditional vendors to adapt quickly. New software is helping to simplify management, accelerate provisioning and improve productivity, while also having the potential to significantly reduce cost. Users now expect more from their IT department, and are increasingly driving the IT agenda.



Explore innovation

The rise of mobility and engagement systems, together with the cloud and 'Internet of Things', are strong technology forces that provide both challenges and opportunities for our customer stakeholders. This starts with the users, impacting how they do business, which in turn drives the agenda for the CIO and their IT department. In 2015 and beyond, a large proportion of IT investments will be directed towards the exploitation and exploration of technology-led innovation.

Renovate the core

There will be quite a long period where legacy 'old world' IT infrastructure will co-exist with innovative 'new world' technologies. Thus, CIOs will increasingly invest to modernise the core IT infrastructure and transform large parts or all of their IT to deliver greater quality, performance, agility and security to the business and its users.

Strengthening our capabilities



Barry Hoffman
Group HR Director

Our continuing success is based on hiring and retaining high quality people. We strive to make Computacenter an exciting place to work.

Our people

People, like our services and innovations, are a major source of competitive advantage. It is for this reason that we are always actively searching for new talent. As a recognised 'Investors in people' employer we play an energetic role in developing our people to truly enable them to go from strength to strength.

We are proud of the fact that our people are at the heart of what we do and therefore value the skills and experience they bring to work with them each day. We have a clear mission to enable users and their business and we set great store by our values. We have a culture that embraces feedback and continuous improvement centred around our core behaviours, for the benefit of our customers. We foster an environment that allows people to grow, and continue to advance their abilities as well as executing our strategy.

Our relationships

As we grow our services business in line with our strategic objectives we continue to focus upon the need to balance acceptable risk, with the need to maintain our established reputation as a flexible, collaborative and customer-focused organisation.

Services contracts have become more complex as customers and their advisers seek to procure effectively and allocate risks much more comprehensively; particularly where these are perceived as being business critical. We have seen a move in larger IT outsourcing engagements towards tower-based multi-sourcing arrangements where multiple suppliers are required to work collaboratively under a complex network of similar contracts. A number of recent engagements have allowed us to gain valuable knowledge and experience with our clients. We have invested considerable time and effort in ensuring sufficient levels of expert resource to keep pace with this evolving environment.



Mark Slaven
Group Chief Information Officer

The certified Group ISMS assures high security standards for Computacenter services, alignment with international norms and industry best practice, as well as the authenticity, availability, integrity and confidentiality of information.

IT security and service continuity are core facets of service delivery to our customers. Therefore, we run and continuously develop our Information Security Management System. Computacenter's ITSCM provides planning, coordination and development of security relevant scenarios for our customers.

Our datacenter facilities deliver to the highest standards of physical and technical security and availability, and are accredited against the relevant BSI standards. Our datacenter and service designs offer complete flexibility for our customers in the choice of their network provider.

In order to further strengthen our Managed Services business, we are continually enhancing our infrastructure operations capabilities. Today, Computacenter's centres of excellence which run 24/7 for IT operations, for our managed service customers (our Operational Command Centres) are located in the UK, Germany, South Africa, Malaysia and India.



Fraser Phillips
Head of Group Legal & Contracting

We facilitate good long-term relationships with customers and partners by contracting in a considered and open manner, setting clear expectations and managing against these.

Our infrastructure

Computacenter operates technology infrastructure for our own global workforce as well as for our customers, built to highly secured service standards. We deliver industry-leading services with an embedded shift-left philosophy using automated ITIL based processes. Synchronising individual customer needs with highly standardised, modular service models allows tailored, high service quality and additionally substantial cost efficiency – 24/7, worldwide and using our customers' native languages.

Champion of the user



Michael Weiss
Head of Group Strategy & Marketing

To reflect the changing needs of our customers, we refined our long-term ambition statement to be Europe's preferred IT provider to enable users and their business.

In order to achieve this goal, we embarked on a number of strategic initiatives. These initiatives will enable us to take greater advantage of Social, Mobile, Analytics and Cloud technologies as long-term driving forces, as well as meeting the changing needs and roles of our three stakeholders: the users, their business and the CIO.

Champion of the user

We are continuing our strong heritage by striving to become the champion of the user. The services that users expect are agile, automated, customised and allow them to engage and collaborate. We will enable users by enhancing their service desk experience through a step-change in self-service and knowledge-based automation. By increasing the proportion of digital interactions and accelerating the incident management process, we will maximise the productivity of our customers' users and our own service desk agents.

We will also empower users by helping to drive greater Enterprise Mobility through the provisioning of the right devices for the right workplace environments and user workstyles. In particular, we will focus on delivering the right functionality across all devices, whether it means integrating public or personal apps or mobilising legacy apps.

Business enabler

For the business stakeholders within our customers, we want to be regarded as the business enabler through IT. More and more frequently, CIOs and their business partners are asking Computacenter to help change and improve the business processes of our customers. For example, the rise of mobile, the 'Internet of Things', and the pervasive, and sometimes disruptive, nature of cloud technology now make IT an integral element of business process optimisation and business transformation. We have already started talking to customers about how we can support the mobilisation of their sales force, enhance the security of their shop floor networks, or bring a modern, user-centric experience to their end customers.

Friend of the CIO

Yet, the main route to our customers will continue to be the CIO and their IT organisation. We aspire to keep being the CIO's friend and trusted long-term partner on their transformation journey, whether it involves mobilising the enterprise, modernising the service desk, embracing public and hybrid clouds or digitising the business.

Evolution, not revolution

The investments we make, for example into the Next Generation Service Desk and Enterprise Mobility, are focused on continuously developing our go-to-market propositions and our sales and delivery capabilities to meet the changing requirements of our customers. To achieve this, our strategic investments combine our growth plays with enhanced Group capabilities and an improved way of working.

Our growth plays

Growth plays are defined as the services and solutions where Computacenter can achieve above average market growth. They reflect long-term macro-trends (see 'Our markets', page 6 of this report), address our customers' key requirements and have the potential to include all three pillars of our services portfolio: Consult & Change, Source & Deploy and Manage & Transform.

Enhanced Group capabilities

Our capabilities build on the strengths and assets we already have in a country, or in a Group function, that we can transfer to other Computacenter countries, functions or market segments and that can be further developed or leveraged to support our growth plays or counter disruptive threats where necessary.

Improved way of working

This is a concept where we design and implement a growth play solution using Computacenter as the first customer. The benefits are twofold: firstly, we experience the potential challenges of implementing an innovative offering ourselves, adding to the credibility we have with our customers. Secondly, our sales and service specialists can use our own success story to bring the solution to life during customer conversations and engagements.

“
Our focus on the user is both authentic and gives us a competitive edge.”

“
Our approach
to innovation
is evolutionary
– and that’s
exactly what our
customers like.”

1. To lead with and grow our services business

What we have achieved in 2014

We continue to see good growth within our Contractual Services base at around 6.9 per cent over 2014 along with 7.3 per cent revenue growth in our Professional Services business. Our highest overall growth market continues to be the UK where we have won significant end user computing tower deals, including the Royal Mail Group and the Post Office. Our German services business moves into 2015 in stronger shape than at the start of 2014, with some key renewals and wins secured both with existing and new customers providing a solid platform for growth during 2015. In France, we continue to be challenged by the market and our positioning. We remain committed to making the transition to becoming a more services-focused business in the medium term.

Service contract base (£m)

655
+6.9%

The implementation of our Group Operating Model is now well understood and is helping us to make more informed decisions on key aspects of opportunities. It also provides us with a greater choice of delivery locations. We have continued to share our ‘lessons learnt’ from the UK business with our other operating businesses. We also recognise the contract opportunities that are likely to lead to an increase in Professional Services and Supply Chain business, resulting in a potentially higher financial value of customers. Our target market is clearer and our qualification process has helped us focus the right people on the right opportunities. This has, in turn, increased our win rate.

What we intend to do in 2015

We enter 2015 with a good pipeline for growth in Germany and a more modest view for the UK, where there is a high focus on implementing and delivering against the wins achieved in 2014. Across all of our operating businesses there are key existing contracts which need to be renewed, or reductions minimised to enable similar growth levels to those seen in 2014. However, with a strong focus on lead qualification, clearer differentiation through our growth plays, and stronger bid teams, we are confident that we can continue to see our Contractual Services business growth provide a platform for cross-selling our other lines of business, such as Professional and Supply Chain Services.

Our customers are recognising that we are passionate about enabling their users both in the way that we deliver and the investments that we make.

We see an opportunity to continue the services growth rates across the Group and in some regions to accelerate the rate through high relevance to our customers.



Neil Hall
Director of Business Enablement
& Contractual Services

2. To improve our services productivity and enhance our competitiveness

What we have achieved in 2014

We have a constant focus on our services productivity. This includes measuring and managing monthly availability, utilisation and efficiency of our service personnel across our teams of service desk agents, project managers, consultants and engineers, whether in the field or working at customers’ sites. Thanks to the introduction of our Group Operating Model in France in early 2014, we have now implemented the same services productivity methodology, systems and processes in each of our three principal countries, with Belgium planned for later in 2015.

We have almost been able to maintain our level of revenue generated per services head even with significant growth in the UK, which on-boarded around 1,000 new members of staff in the last three years. This growth is driven by many notable new business wins, which is a good indicator of our competitiveness. Germany’s services headcount has remained broadly flat in the same period, but its revenue generated per services head measure has increased for each of the last three years. France is now on a better grounding following its large Managed Services win with Sanofi, and, as a result, we are confident that its measure will improve in 2015.

Revenue generated per services head (£’000)

85
-1.2%

Number of customer accounts with contribution of over £1 million

91
+12.3%

What we intend to do in 2015

Our Group Operating Model gives us the foundation to drive standards across the Group in areas such as best practice adoption, winning solutions designs and efficiency programmes. To build on this opportunity, we set up and launched a new Group industrialisation team. This central function will promote and govern the technology, tools and process standards underpinning our services business.

Another 2015 focus for the Group industrialisation team will be to assess how we can become more efficient at managing the many engineering engagements that we undertake for our customers, such as on-site work, moves and changes, and maintenance. Computacenter has existing investments in world-class automation tools, including SAP's MRS and BMC's ITSM, which can be brought together to provide a more streamlined work scheduling and management process to benefit both the customer experience, as well as Computacenter's competitiveness.



Chris Webb
Group Chief Operating Officer

Our services offering is based on scalable and repeatable Group standards which allows us to be highly competitive in the marketplace.

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

What we have achieved in 2014

Our priority in 2014 was to increase the number of customers within our target markets that deliver more than £1 million profit contribution per year. We have achieved this by both adding new clients and increasing the range of services and solutions that we provide to existing customers. Specific areas of focus included:

Supply Chain – Traditionally at the vanguard of all customer relationships, Supply Chain is increasingly an 'up-sell' opportunity for new services-led customer engagements. In the UK we had an excellent year with good growth in all sectors. In Germany we recovered strongly in the second half of 2014 after a disappointing first six months. And although we saw growth year-on-year in France, this was weak in comparison to 2013 and dominated by lower margin workplace and volume software segments.

Professional Services – We experienced another year of strong growth underpinned by the continued migration of major customers to Microsoft Windows 7 (and in some cases, Windows 8). The pipeline at the year-end provided confidence that 2015 would continue this positive trend supported by the dynamic pace of change within our industry.

Contractual Services – Recent wins, particularly in the UK and Germany, provide significant opportunity for our Supply Chain and Professional Services businesses in 2015 and beyond (see Objective 1 on page 9).

Achieving year-on-year improvement in customer satisfaction is a vital component of our aspiration to increase the number of customers with more than £1 million profit contribution per year. We were therefore delighted to receive favourable outcomes from both KPMG and Whitelane in their 2014 customer satisfaction surveys.

What we intend to do in 2015

Supply Chain – We will draw on our experience and extensive vendor relationships to simplify the transition to new technologies and ways of working. And within an evolving commercial environment we will proactively respond to disruptive forces – both from new entrants and industry stalwarts.

Professional Services – We will focus on maximising the opportunities presented by the end of support for Microsoft Server 2003 in July 2015 and the continued workplace migration to Microsoft Windows 7, 8 and soon 10.

Contractual Services – We will adopt new tools and ways of working to increase predictability and consistency while helping to reduce service delivery costs. In addition, we will enhance collaboration and increase the sharing of best practice following the introduction of our Group Operating Model.

Helping customers take advantage of the increasingly rapid change within our industry will be our priority.



Mike Rodwell
Group Chief Commercial Officer

“
Piloting strategic developments at Computacenter gives us more credibility when selling these to our customers.”

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

What we have achieved in 2014

During the year, we made a significant step forward with the development and execution of the strategy that was defined in 2013. We designed and developed the Next Generation Service Desk (NGSD), which takes an innovative user-centric approach to IT support. The user experience is modern and intuitive, with a high degree of self-service and automated, knowledge-based processes. We implemented NGSD across all of Computacenter’s 12,600 users. We have raised the rate of digital interactions from 9 per cent to well over 50 per cent in only four months, and have increased the rate of possible password resets made online to almost 90 per cent.

We have also developed an Enterprise Mobile Management platform, which we call our Group Mobile Engine (GME). As part of this development, we have deployed around 700 iPads and a similar number of iPhones to our UK, German and French sales forces, together with applications to improve user productivity,

engagement and satisfaction. All of the applications are supported by an Enterprise AppStore, which is secure and compliant with data protection regulations.

Finally, we have extended our international service capabilities with the opening of a lower-cost service desk operation in Budapest, the leveraging of our Remote Infrastructure Management through our South Africa operation and a new partnership in Bangalore, India.

What we intend to do in 2015

The priority for 2015 is to successfully launch our NGSD and the GME to our customers. We have received an encouraging response to both solutions from our customers. In parallel, we are investing in the continual development of these solutions, adding more functionality and extending the platforms, along with our capabilities to implement and operate them.

In 2015, we will be focusing on two other technology areas that we perceive as key to supporting both our enabling users mission, and helping transform the core IT of our customers. Firstly, we will align and extend our offering as a builder, integrator and provider of private and hybrid cloud services. Secondly, we will leverage our security consulting experience and expertise across our operating geographies and improve our security operations capabilities for our Contractual Services business.

Group total services revenue (£m)

985.5
+2.0%

Our platform for growth and profitability

Facilitating our business model	To lead with and grow with our services business	To improve our services productivity and enhance our competitiveness	To retain and maximise the relationship with our customers over the long term	To innovate our services offerings to build future growth opportunities	Our strategic objectives
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The Hut Group is the UK's leading, multi-website online retailer with rapidly growing international operations. Over eight million visits per month and more than six million unique users are attracted to the different websites, which are based upon a unique end-to-end technology platform.

As a completely web-based business, a disaster recovery ('DR') solution is imperative for its consumer-facing websites as any downtime could directly result in lost revenues. The existing DR solution provided limited flexibility, and was time consuming to invoke. A resilient DR solution was required to scale with business growth.

Computacenter worked with The Hut Group to leverage VMware's disaster recovery cloud service – vCloud Air Disaster Recovery. The Hut Group had already virtualised the majority of their production systems. By integrating their on-premise deployment with the cloud service, virtual machines could be replicated and protected in hours.

Computacenter provided consultancy, delivered a proof of concept and a solution design, and additionally was responsible for the implementation and orchestration of the DR solution at The Hut Group. As early adopters of VMware's vCloud Air service, Computacenter had the experience and technical capabilities to solve the challenge for the customer. In addition to this, Computacenter's vendor relationships with supporting technologies delivered as part of the overall solution ensured the customer received the best possible support throughout the engagement.

With VMware vCloud Air Disaster Recovery, The Hut Group now has a resilient and cost-effective DR solution in place for all production workloads, delivered by Computacenter. Successful testing has demonstrated The Hut Group's ability to recover their systems in vCloud Air and continue trading in the event of disaster.

The Hut Group
Computacenter Customer, UK

Cloud



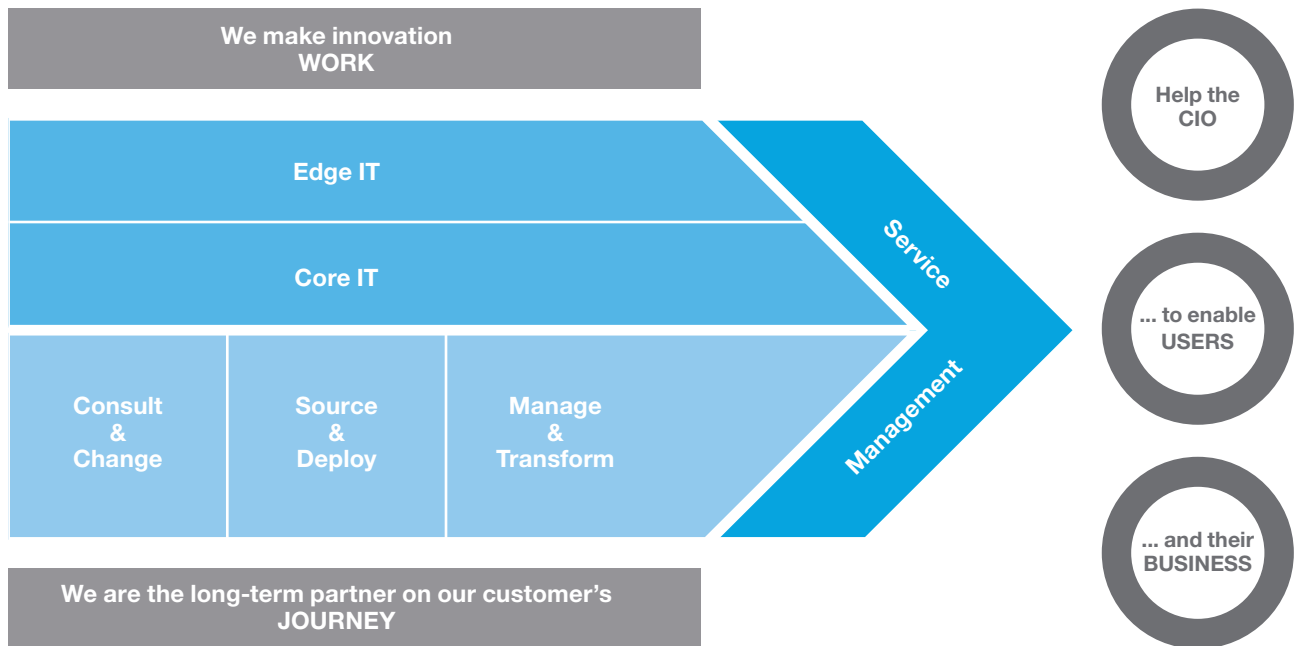
Dr Christine Haupt
Director of Consulting Services,
Computacenter

Utilising cloud technologies is of strategic importance to our customers' CIOs. IT departments can offer even better services, and speed up the deployment of new infrastructure and software. The business will continue to demand even more productive technology environments – and we can build, deliver and run them as a trusted partner for our customers.



Our customer-centric model

Putting our customers at the heart of our business



Our goal at Computacenter is to help the CIO to enable users and their business. We help our customers address IT complexity and change and exploit technology-driven opportunities for the benefit of their users and business stakeholders. We achieve this by blending best-of-breed technologies and solutions with our extensive services and robust engagement model.

Our technology & solutions model

As an IT infrastructure provider, our portfolio of services and solutions covers what is widely known in the market as Edge IT and Core IT.

Edge IT encompasses all technologies that touch the user directly, either in the form of hardware or software. Thanks to our in-depth understanding of user workstyles and the changing workplace, we can deliver optimal solutions that improve user productivity and their IT experience.

Core IT covers all the relevant back-end technologies that ensure users have reliable and secure access to computing power, data information and applications via wireless, local or wide area networks. Through our close relationships with both technology vendors and our customers' IT departments,

we help optimise IT infrastructures to deliver greater efficiency, reliability, security, accessibility and scalability.

One of Computacenter's key strengths is its ability to design, source, implement, support and manage solutions that cut across both Edge and Core IT. For example, to mobilise their workforces, organisations don't just need to deploy mobile devices and apps; they also need to consider how they will provision and update the apps, how they will store and secure the data, and how they deliver the connectivity. This might involve establishing dedicated wireless networks to ensure data remains protected – especially when personal apps are allowed to work alongside business apps – as well as implementing new interfaces with legacy systems.

The mobility example demonstrates how delivering outstanding Edge IT solutions also requires extensive knowledge of the underlying Core IT. At Computacenter, we don't just understand Edge and Core IT; we make sure they work in harmony to deliver the expected IT and business outcomes for our customers.

Our services model

We enable our customers' transformation through a long-term partnership. Our overall business is based on three pillars of services with distinct characteristics (see also 'What we do' on page 2 of this report) in terms of the value they deliver to our customers, responding to changing business needs. We help to optimise, refresh and transform our customers' IT in our Professional Services business. We provide access to IT hardware and software through our extensive vendor and partner network to meet either short-term change or continuous demand. Through our Contractual Services offerings we take responsibility for maintaining and operating large parts of our customers' IT infrastructures.

When a customer decides to engage Computacenter – whether it's for a consulting project, a managed service or a sourcing contract – we work with them in partnership to ensure we deliver the improvements and value they want for their business in the long term.

For example, a cloud computing initiative might start with the procurement of new hardware to underpin the implementation of a private, on-premise cloud (Source & Deploy).

This environment would support the gradual migration of workloads and the integration of public infrastructure, platform or software cloud services (Consult & Change). The daily maintenance, control, operations and orchestration of this hybrid cloud infrastructure might then be outsourced to an external provider (Manage & Transform).

As the pace of IT and business change accelerates, our customers increasingly need a long-term partner who can accompany the CIO and their organisation on their transformation journey.

Our engagement model

We provide a customer-centric service with a personalised touch. To support and continually improve our long-term customer relationships, customers engage through our service management teams, which are primarily in support for our Contractual Services business (Manage & Transform).

To ensure these contracts deliver on expectations while remaining flexible should circumstances change, we have a highly skilled service management practice of more than 500 professionals.

For our international services contracts, we appoint a dedicated global governance and leadership team (supported by a regional governance structure, depending on the geographies covered) who are empowered to engage directly with all service functions and partners across all our territories.

Our service managers and their teams are the human face of our services business. They ensure we always put customers first and deliver on our promises.

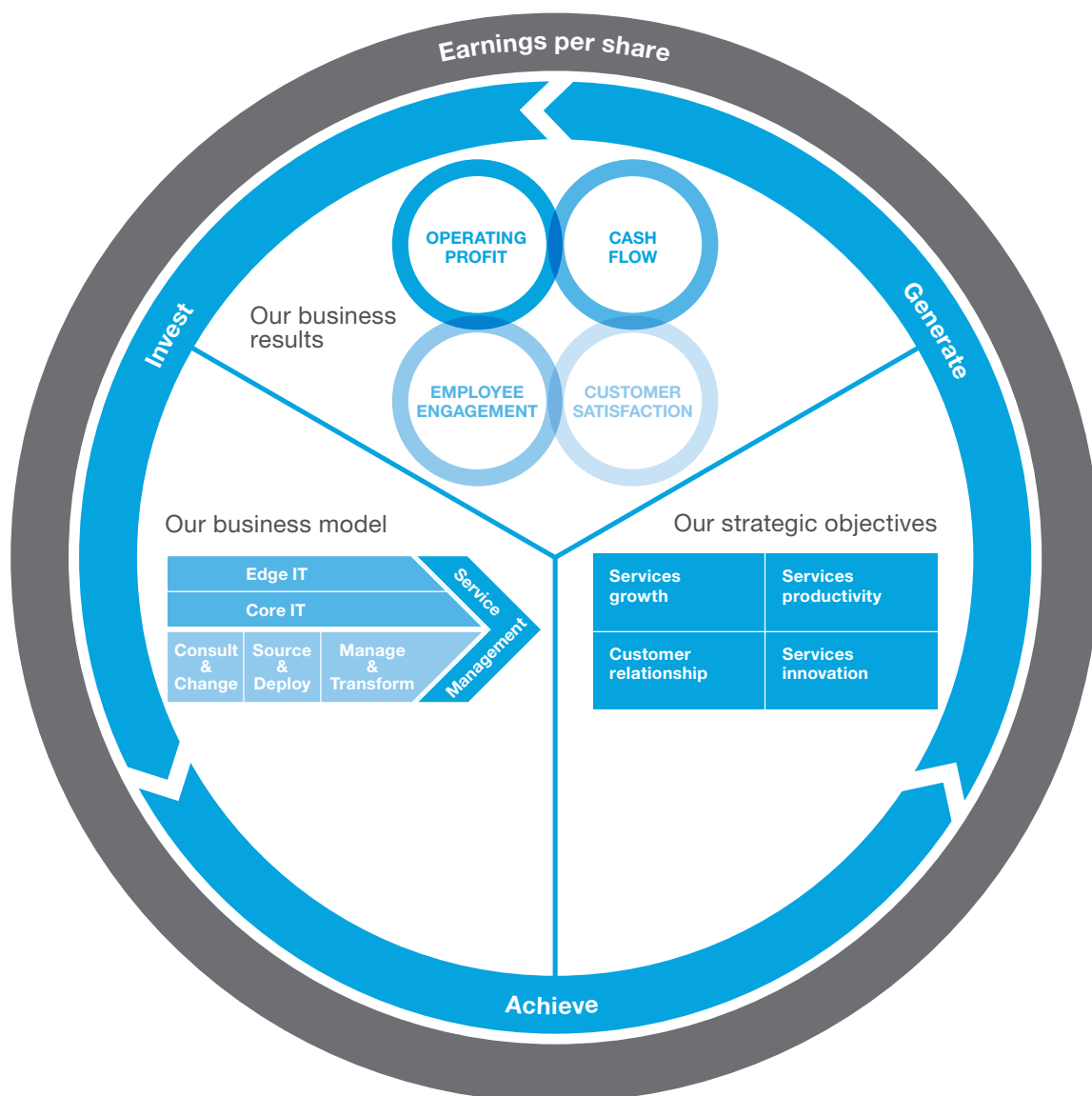
Long-term shareholder value

The combination of our three models provides a resilient foundation for attaining our strategic objectives. The technology and solutions model helps to increase pull-through business, thus maximising our customer relationships and driving innovation in our services offerings. The services model drives greater productivity and competitiveness across each service line. And, thanks to our engagement model, we are able to retain and grow our customer relationships especially supporting our Contractual Services business.

By sustainably working towards our strategic objectives, we are able to improve customer satisfaction and employee engagement. This, in turn, will support the generation of operating profit and cash flow across our core territories. The realisation of our financial and non-financial goals enables us to continue to invest in and refine our business model, i.e. our portfolio of services and solutions; our capabilities regarding processes, tools, assets and partner relations; as well as how we engage with our customers' CIOs, users and business stakeholders.

The alignment of our business model with our strategic objectives and financial and non-financial performance goals will drive earnings per share growth for Computacenter in the medium and long term.

Designed to provide long-term shareholder returns





Jan Müller
Solution Director of Security,
Computacenter

Securing the IT infrastructure is at the top of most CIOs' agenda today. At Computacenter our security experts have more than 15 years of experience in developing security offerings for our customers. We will be moving this forward through even more focus on customer end-point protection and becoming the one-stop-shop security provider to our customers.

Employees of the BMW Group rely heavily on communication via email with their customers, suppliers and partners worldwide. The email inbox is core to office communication today. Yet it is open to the threat of hacking and spamming, and an increasing number of unwanted emails. The concept of the BMW Group therefore envisaged a two-step filter technology to detect damaging messages as early as possible and forward only those emails that were meant to reach the employees. The challenge being to seamlessly integrate the solutions needed in one technical entity – a requirement only Computacenter was able to deliver with their partners Cisco and Consol.

Computacenter implemented two similar solutions with distinct functionalities, one of which cloud-based and the other in the BMW Group datacenter, with the market leading Cisco cloud platform delivering best detection rates.

Computacenter accounts for the operation of both solutions, migration and integration of the cloud platform as well as the consulting,

implementation and transition of the on-premise technology. The operational concept carries Computacenter's end-to-end point solutions including the technical concept, migration and management as well as the security strategy. Damaging emails are detected and filtered with up to 90 per cent already outside the BMW Group network. Email infrastructure supports latest protocol standards, this being critical to the automotive manufacturer with partners worldwide. Computacenter enables secure users at the BMW Group for essential email communication through a sustainable detection concept and its operation.

The BMW Group, headquartered in Munich, is a worldwide leading manufacturer of premium products and services for personal mobility with more than 110,000 employees in more than 150 countries.

The BMW Group
Computacenter Customer, Germany

Security



Our risk management approach

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

Our risk appetite

The Board has established and reviews periodically the Group's risk appetite. Our risk appetite is set to balance opportunities for new business development in areas of potentially higher risk whilst maintaining long-term customer satisfaction and protecting our reputation. In practice this means we have a healthy risk appetite where we understand the risks based on our experience in, and knowledge of, our business. Conversely, we have a low appetite for risk where we have less knowledge, experience and understanding of the accompanying exposures. Our risk appetite is consistent with maintaining a strong framework of ethical behaviour and compliance with laws and regulation.

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

Strategic objectives guiding strategic risk governance to support operational risk management.

The annual risk identification and assessment process is integrated with the strategic planning process. The process starts with the Board setting the strategic objectives for the Group assisted by the Group Strategy function. The Board and the Group Executive Committee then consider the barriers to achieving the strategic objectives and, in turn, assess the level of risk in the context of our defined risk appetite. Risks include those generated by the strategic direction and external risks to execution of that strategic direction.

This top-down key risk assessment process is linked through the Group Risk Committee to a Group-wide, bottom-up business risk assessment process. There is clear linkage between the two approaches, with the bottom-up risks mapping to a risk appearing on the top-down Group Risk Log. The risk management framework is shown on the opposite page.

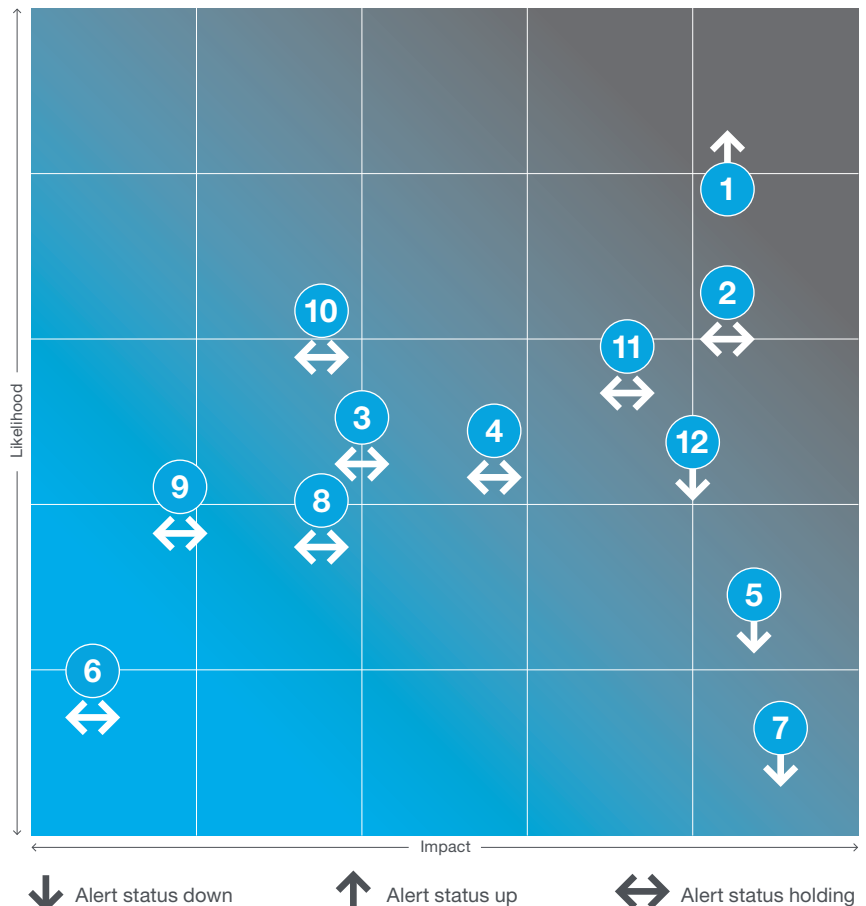
The principal risks are subject to robust challenge on the effectiveness of the mitigations and safeguards. This challenge is delivered at the highest level through the Group Risk Committee which is comprised of the Executive Directors, members of the Group Executive Committee and senior management. On a cyclical basis, a selection of principal risks is considered at each meeting of the Group Risk Committee to ensure complete coverage annually. For each principal risk under consideration, the risk owner presents on the risk, the internal impacts, the mitigations, what has changed and is changing, triggers, and key metrics. The Group Risk Committee challenges what has been presented and collectively agrees an assessment of the status of the risk and the mitigations. The composition of the Committee has been reviewed and refocused to include personnel with a direct influence on the Group's ability to fully deliver against Contractual Service commitments for both Service levels and the Group's ability to ensure technical availability of our customer-facing systems. Both of these risks, further detailed as risks 1-2 from the Group Risk Log, are now standing items on the Committee's agenda to consider at each meeting and are further classified by the Group as 'primary risks' to reflect their importance to the Group's strategy.



Chris Webb
Group Chief Operating Officer

We balance risk appetite with opportunities for further business development and long-term customer satisfaction.

Group Risk Log 2015 heat map



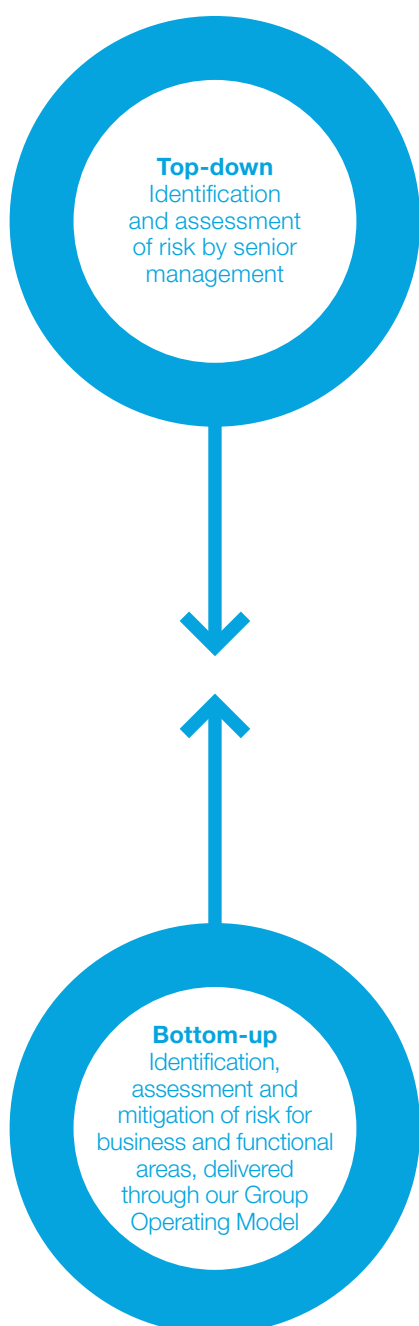
The minutes from the Group Risk Committee, along with the current status of each principal risk, are reported to the Audit Committee and to the Board. The Board reviews key areas of risk as regular items on its agenda over the course of the year. In addition, during 2014, the Board asked the Audit Committee to review particular areas of risk.

Our principal risks

This latest Group Risk Log is set out on pages 20 and 21 of this report. Our principal risks continue to be concentrated around the availability and resilience of systems, our people, our cost base, technology change, and in the design, take-on, and running of large services contracts.

The likelihood and impact of our principal risks are shown on the heat map on page 18, with the highest likelihood and highest impact risks sitting in the upper right section, and the lowest likelihood and lowest impact risks sitting in the lower left section.

Risk management framework



The Board

- Sets strategic objectives
- Defines risk appetite
- Has overall responsibility for the Group's risk management process and internal control systems
- Monitors risk exposure in pursuit of our strategic objectives

Audit Committee

- Reviews the effectiveness of our risk identification and risk management process
- Reviews the effectiveness of internal control systems
- Supports the Board in monitoring risk exposure

Group Risk Committee

- Sets the risk management process
- Provides oversight and challenge on the effectiveness of risk mitigation for our principal risks
- Considers emerging risks and also high-impact/low-likelihood risks

Internal Audit

- Internal Audit plans are focused on providing assurance on our principal risks to assist the Audit Committee in its review of the effectiveness of the risk management process and of our internal control systems

Operational level

- Group-wide risk identification and assessment
- Ongoing monitoring of mitigations performed across the Group through management, key performance indicators and review by the appropriate Risk Manager
- Internal controls embedded across the Group

Primary risks	Primary impacts	Impacts strategic objectives	Primary mitigations
<p>Failure to deliver against contractual commitments for our services business. Either through poor transition and transformation activity or through the lack of delivery of committed service productivity improvements and service levels over the contract life.</p> <p>1</p>	<ul style="list-style-type: none"> • Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage • Reduced margin • Reduced service and technical innovation 	1, 2 and 4	<ul style="list-style-type: none"> • The Group Operating Model is in place in the UK and Germany, and is in the process of being deployed in France. This incorporates mandatory gateway governance products and processes, as well as the Group signing policy and service management best practice. • We have an increasingly mature root cause analysis and lessons learnt process for complex transformations. • We perform regular commercial and contract 'deep dives' to manage service productivity improvements.
<p>Failure(s) leading to unacceptably long outages or regular short outages of our customer-facing systems.</p> <p>2</p>	<ul style="list-style-type: none"> • Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage 	1 and 2	<ul style="list-style-type: none"> • All centrally-hosted systems are built and operated on High Availability infrastructure. • Enhanced Group IS support models, with key Operations and Applications staff on call 24/7 to respond quickly in the event of failures or issues. • Continued investment in tools and technologies with increased resilience and robustness.
Principal risks	Principal impacts	Impacts strategic objectives	Principal mitigations
<p>Not recruiting and retaining the right calibre of staff across any of our customer-facing functions.</p> <p>3</p>	<ul style="list-style-type: none"> • Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage 	1, 2, 3 and 4	<ul style="list-style-type: none"> • We perform regular remuneration benchmarking to ensure we remain competitive. • We invest in management development programmes. • There is an annual staff survey to understand employee views. • We have implemented a series of staff retention initiatives.
<p>Failure to implement appropriate designs and pricing structures for Managed Services or outcome-based project management contracts.</p> <p>4</p>	<ul style="list-style-type: none"> • Reduced margin • Loss-making contracts • Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage 	1 and 4	<ul style="list-style-type: none"> • The Group Operating Model is in place in the UK and Germany, and is in the process of being deployed in France. This incorporates mandatory gateway governance products and processes, as well as the Group signing policy. • There is Board oversight of significant bids.
<p>Inadequate succession planning and not enough management depth within key senior management areas of the business.</p> <p>5</p>	<ul style="list-style-type: none"> • Lack of leadership 	1 and 4	<ul style="list-style-type: none"> • Board consideration of succession plans. • Management development programmes to develop talent.
<p>Letting our direct costs run out of control and not taking advantage of productivity and cost reduction opportunities.</p> <p>6</p>	<ul style="list-style-type: none"> • Reduced margin 	1 and 2	<ul style="list-style-type: none"> • We employ a range of metrics on a monthly and quarterly basis to ensure that we properly manage our direct costs and monitor productivity. • We have a programme of activities to deliver cost reduction opportunities, through the reduction of manual effort. • Significant amount of direct cost managed centrally to retain control.

Principal risks	Principal impacts	Impacts strategic objectives	Principal mitigations
<p>Technology change dramatically reduces customer need and demand for our service offerings.</p> <p>7</p>	<ul style="list-style-type: none"> • Reduced margin • Excess operational staff • Contracts not renewed 	1, 3 and 4	<ul style="list-style-type: none"> • We mitigate this through a range of measures including win/loss reviews, senior management forums and strategy reviews where we consider our offerings alongside where the market is going.
<p>Failure to deliver and effectively manage our international business strategies. By association the risk around take-on and management of our international partners.</p> <p>8</p>	<ul style="list-style-type: none"> • Reduced margin • Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage 	1 and 3	<ul style="list-style-type: none"> • Annual senior management review of our international business and team. • In relation to our partner network we have upgraded our contracts and increased the level of monitoring activity. • Take-on processes reviewed externally.
<p>Failure to develop a Group culture.</p> <p>9</p>	<ul style="list-style-type: none"> • Loss of synergies • Loss of brand identity 	1 and 2	<ul style="list-style-type: none"> • Deployment of Group Operating Model resulting in consistent ways of working. • Initiatives to reduce in-country barriers. • Group Values & Behaviours defined and announced. • Group Sales and Leadership forums established. • Group job alignment project has been started. • Roll-out of a single performance management system and process planned for 2015. • Management restructures undertaken to align country structures.
<p>Letting our inventory and/or receivables get out of control.</p> <p>10</p>	<ul style="list-style-type: none"> • Financial impact through obsolete stock and/or bad debts 	2	<ul style="list-style-type: none"> • We mitigate these risks through a range of measures including monthly and quarterly metrics, credit scoring and credit limits for customers, and utilisation of direct delivery where possible.
<p>A security hacking or virus problem at a customer that is due to Computacenter's negligence, mismanagement or employee rogue behaviour leading to a breach and/or loss of data.</p> <p>11</p>	<ul style="list-style-type: none"> • Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage 	1, 2 and 4	<ul style="list-style-type: none"> • We have well-communicated Group policies for information security and virus prevention. • There is specific induction and training for staff working on customer sites/ systems, as well as specific policies and procedures for anyone working behind a customer firewall.
<p>Not investing appropriately or over investing in the wrong automation, self-service and remote tools when compared to our competition.</p> <p>12</p>	<ul style="list-style-type: none"> • Reduced margin • Win less new business • Contracts not renewed 	1, 2 and 4	<ul style="list-style-type: none"> • This is linked to Risk 7 – we mitigate this through a range of measures including win/loss reviews, senior management forums and strategy reviews where we consider our offerings alongside our competitors and where the market is going.

The strategic objectives are detailed on pages 8 to 11.

Our key performance indicators

Measuring our performance is key to future growth and achieving our aims. It highlights progress made against our strategy and the delivery of financial value to shareholders.

Financial objective 1:

Revenue (£m)

3,107.8
+1.2%

2014	3,107.8
2013	3,072.1
2012	2,914.2
2011	2,852.3
2010	2,676.5

Financial objective 2:

Adjusted* profit (£m)

85.9
+5.1%

2014	85.9
2013	81.7
2012	79.3
2011	74.2
2010	66.1

Our aim is to always increase our revenue, adjusted* profit, adjusted* earnings per share and dividend per share, but to do so in a way which is sustainable and facilitates the delivery of long-term value for shareholders. We always consider the long-term financial impact of the decisions that we make.

Financial objective 3:

Adjusted* earnings per share (pence)

46.8
+8.1%

2014	46.8
2013	43.3
2012	40.8
2011	37.4
2010	33.0

Financial objective 4:

Dividend per share (pence)

19.0
+8.6%

2014	19.0
2013	17.5
2012	15.5
2011	15.0
2010	13.2

* Adjusted profit refers to adjusted profit before tax and adjusted earnings per share refers to adjusted diluted earnings per share. Both are stated prior to exceptional items and amortisation of acquired intangibles. Adjusted operating profit is also stated after charging interest on customer specific financing.

The strategic development work undertaken by the Board of Directors and Group Executive Management team since 2012 has resulted in the Group's strategic progress being transparently measured by the following four key performance indicators.

Strategic objective 1:

To lead with and grow our services business

Service contract base (£m)

655.0
+6.9%

2014	655.0
2013	612.5
2012	601.2
2011	540.8
2010	511.2

Ambition:

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

Strategic objective 2:

To improve our services productivity and enhance our competitiveness

Revenue generated per services head (£'000)

85
-1.2%

2014	85
2013	86
2012	85
2011	88
2010	88

Ambition:

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

Strategic objective 3:

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

Number of customer accounts with contribution of over £1 million

91
+12.3%

2014	91
2013	81
2012	78
2011	71
2010	61

Ambition:

Whilst we will lead with our services offerings, we will develop the relationships we have with our vendor partners and the ability of our people to ensure that our customers are aware of, and have access to, the full range of capabilities that we can provide them with. We will also aim to develop our referenceability and repeat business through the achievement of high levels of customer satisfaction.

Strategic objective 4:

To innovate our services offerings to build future growth opportunities

Group total services revenue (£m)

985.5
+2.0%

2014	985.5
2013	965.9
2012	908.6
2011	836.7
2010	788.1

Ambition:

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



With the GUEST Programme, we want to harmonise services and reduce costs but also to gain agility and customer focus at a global scale.”

Alain Delpuech, Sanofi Chief Technology Officer

Sanofi is a global integrated healthcare leader, focused on patients' needs and engaged in the research, development, manufacturing and marketing of healthcare products in over 100 countries with over 110,000 employees.

The Sanofi Global Unified End-User Support Transformation (GUEST) Programme is one pillar of a wider Sanofi infrastructure harmonisation initiative. It is designed to standardise global processes and improve the agility and flexibility with which Sanofi Global Infrastructure Services (GIS) can support the Sanofi business. The objectives are to improve and standardise user service levels, reduce cost and make it easier to introduce new, innovative services for users.

Together with Computacenter, Sanofi will consolidate over 40 local service and access management desks into a single global virtual desk delivered from three principal physical locations. The desk will be integrated with Computacenter engineers providing local support to Sanofi users in over 150 sites across more than 40 countries. Computacenter were selected as the company with the best capability to support the complex GUEST Programme and to provide quality services, with a proven track record over many years in different parts of Sanofi.

Sanofi
Computacenter Customer, France

Service



Steve Rayner
Group Service Innovation Director,
Computacenter

Our customers' digital strategies require a consumer-like user experience. Our Next Generation Service Desk (NGSD) offers self-serve and automation via a portal and mobile app supported by live web chat. This user-enabling solution reduces disruption by providing 'push' updates on major incidents, self-logging and updates on individual incidents. NGSD is improving retention of existing customers and enabling us to meet the needs of new customers.

Performance review

Group

2014 was a year of solid financial progress for the Group, in which it continued to focus on, and invest in, its strategy of delivering organic revenue and profit growth, primarily through its IT services business.

Turnover, adjusted* and statutory financial performance

Total revenue grew for the fifth successive year, increasing by 1.2 per cent on an as reported basis to £3.108 billion, and by 4.2 per cent in constant currency.

The Group's adjusted* profit before tax increased on a reported basis by 5.1 per cent to £85.9 million, and by 6.8 per cent in constant currency. This increase in profitability resulted in the Group's adjusted* diluted earnings per share increasing by 8.1 per cent to 46.8 pence in 2014.

On a statutory basis, taking account of exceptional items and the amortisation of acquired intangibles, the Group made a profit before tax of £76.4 million, which represented an increase of 51.3 per cent against the comparative performance in 2013 on an as reported basis. This increase resulted in the Group's diluted earnings per share increasing by 73.9 per cent to 40.0 pence in 2014.

Revenue and operating profit growth performance varied across our main operating geographies during the year. Adjusted* operating profit growth of approximately 16.5 per cent in the UK more than offset the reduction in adjusted* operating profit of 8.0 per cent in constant currency (reduction of 12.4 per cent on an as reported basis) in the Group's German business. In France, the level of adjusted* operating loss increased on a constant currency basis by 27.9 per cent to €11.0 million (2013: adjusted* operating loss of €8.6 million) and by 20.5 per cent on an as reported basis, as the completion of a restructuring exercise to reduce our cost base and make the business more competitive, and the ongoing rigorous implementation of our

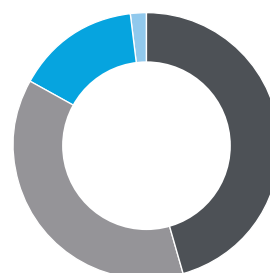
Group Operating Model has created short-term disruption and uncertainty throughout the year.

During the year, the Group incurred £7.6 million (2013: £28.8 million) of exceptional items. These included £9.1 million of exceptional costs relating to the estimated final costs of the restructuring that the Group undertook within its French business in the second half of the year. The actual final costs of the restructuring will not be known until the end of 2015 at the earliest.

As announced by the Group in July 2014, its French business was uncompetitive due to the size of its cost base which impacted its cost and pricing models, and therefore its ability to win new business. As the main driver of growth across the Group has been its ability to win large international services contracts with customers headquartered in Western Europe, failure to address this issue would have impacted the competitiveness of the Group on such bids going forward. This exercise will enable a fundamental reshaping of the business which will provide a solid foundation for it to provide our core Group services offerings to our target customer market. It lowers our cost base and alters our organisational and reporting structure to support the primary aim of maintaining the competitiveness of the wider business in achieving our goals.

Additionally, the Group's three onerous contracts entered into by its German business have performed within the provision previously taken for the losses expected to be incurred on them from July 2013 to the end of the contracts. As a result of ongoing operational improvements on these contracts during 2014, and the conclusion of one of the contracts and settlement of an associated legal dispute during Q3 2014, we have released as an exceptional item £1.5 million of the provision taken. In line with our approach of developing and maintaining our customer relationships over the long-term, we are pleased that we have managed to improve materially the levels of customer satisfaction in respect of each of these contracts from that being achieved at the time the provision was taken.

Group revenue by region (£m)



- UK – £1,416.9m
- Germany – £1,167.1m
- France – £471.1m
- Belgium – £52.7m

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

“ Revenue and operating profit growth performance varied across our main operating geographies during the year.”

Services performance

Group services revenue increased by 2.0 per cent on an as reported basis to £985.5 million, and by 4.8 per cent in constant currency. As a result, our services business now represents 31.7 per cent of total Group revenue.

The Group continues to focus on leading with its services offerings, and increasing its capability to enable, and improve the IT experience of the users of large corporate organisations headquartered in Western Europe, wherever they operate globally and locally. We have continued to invest in our related tools and processes, especially in the areas of IT self-service automation and mobility. Our primary focus on end-users, and our plans for innovation and development in this area, have resonated well with existing and prospective customers.

Our services business in the UK continued to flourish in 2014, benefiting from its growing reputation for delivering operational excellence to customers. The team has delivered a number of significant Managed Services wins during the year, which has resulted in associated transformational IT project and consulting work, and incremental Supply Chain business. The UK Professional Services forward order book will, for a second consecutive year, finish at a record high-level.

Revenue within our services business in Germany was flat, largely as a result of the Group's decision to selectively bid for Managed Services opportunities in Germany in 2013, so that appropriate focus and resource could be dedicated to the implementation of our Group Operating Model. We are particularly encouraged by the strengthening of the Managed Services pipeline throughout the year, which should underpin services growth in 2015. Our strong consulting capabilities in Germany allowed our Professional Services business there to grow by almost 10 per cent in constant currency, and 4.4 per cent on an as reported basis.

Our service quality in France has improved during the year, assisted by the availability of Group Management input. However, general market conditions in France have remained difficult and we have continued to suffer from poor service quality delivered by the business in 2013, albeit that service quality has now

improved. The loss of a number of small services contracts during the year has reduced utilisation of the Group's central services delivery engines, and as a result, the services margins delivered by the French business have been, and remain, poor. Our priority in 2015 will be to rebuild our services pipeline in France.

Supply Chain performance

In 2014, Supply Chain revenue across the Group grew by 0.8 per cent on an as reported basis to £2,122.3 million, and by 4.0 per cent in constant currency.

This was principally driven by a strong performance, particularly during the first half of the year, by the UK business, which benefited from Supply Chain demand associated directly with new Managed Services wins, and improving conditions for business generally in the UK. The Supply Chain performance of our German business was especially disappointing during the first half of 2014, but improved significantly in the fourth quarter of the year. Our Supply Chain performance is reliant on the short and medium-term buying behaviour of our customers.

Whilst Supply Chain revenues grew in our French business during 2014, a significant proportion of this business remains in low-margin, working capital intensive deals. The performance is also flattered by a quiet second half of 2013. We have taken action to alter both the product and customer mix in this area, to build on the delivery of efficiencies generated as a result of implementing the Group Operating Model.

Investments

We have continued to spend principally to achieve three outcomes. Firstly, to enable and improve the IT experience of our customers' end-users, through the use of innovation and development of our tools such as our Next Generation Service Desk and mobile offerings.

Secondly, we have invested in our global reach, and expanded our capacity, to serve our customers' needs wherever they operate in the world. This has included the opening of new service desk locations in Montpellier (France), Budapest (Hungary) and Pittston (USA), as well

as increasing the capacity at existing locations in Kuala Lumpur (Malaysia) and Cape Town (South Africa). Thirdly, we have invested in the relentless standardisation of our processes and procedures across the Group, including the roll-out of our Group service desk platform across our businesses.

Group revenue by business type (%)



- Workplace – 24%
- Datacenter & Networking – 24%
- Software – 12%
- Third Party Services – 8%
- Professional Services – 9%
- Contractual Services – 23%

“ We have invested in our global reach to serve our customers’ needs.”



Cash position

Cash flow was again strong during the period, but particularly over the second half of 2014. Group net funds increased during the year by over £47.8 million to £119.2 million.

Post year-end events sale of R.D. Trading Limited

On 2 February 2015, the Company announced that its UK business had completed the disposal of the entire issued share capital of R.D. Trading Limited ('RDC') to Arrow Electronics UK Holding Limited for a total consideration of £56 million. This followed a year of good progress at RDC, with total adjusted* operating profit up during the reporting period by 29.8 per cent to £4.8 million (2013: £3.7 million).

RDC's business provides IT Disposal and Asset Recovery Services, which are focused on generating value from used information and communication technologies, and creating an environmentally sustainable disposal solution for anything unsuitable for reuse. These activities are non-core to the Group, and the disposal will allow the Company to focus its investment for growth on the delivery and implementation of its services-led strategy.

Return of Value to shareholders

The Group's strong levels of cash generation during the reporting period, alongside the sale of RDC, has allowed the Company to announce its second significant one-off Return of Value to shareholders in two years. This Return of Value, totalling approximately £100 million, or 71.9 pence for every share held as at the close of trading on 19 February 2015, has now been

successfully completed. As part of the Return of Value, an associated share capital re-organisation took place on 20 February 2015, whereby every 17 ordinary shares of 6²/₃ pence each in the Company were effectively consolidated into 15 ordinary shares of 7⁵/₉ pence each. The Board will continue to evaluate the requirement to maintain an efficient balance sheet, and endeavour to use our ability to generate free cash in order to deliver incremental value to our shareholders.

Dividend

The Board has proposed a final dividend of 13.1 pence per share. The interim dividend paid on 17 October 2014 was 5.9 pence per share (the 'Interim Dividend Amount'). Adjusting this payment for the share consolidation on 20 February 2015 (the 'Share Consolidation') increases the Interim Dividend Amount to 6.7 pence, resulting in a total dividend per share of 19.8 pence, for those shares in existence immediately after the Share Consolidation. The total dividend per share for 2013 was 17.5 pence per share or 19.6 pence per share on a pro forma basis, after taking account of the Share Consolidation. The Board has consistently applied the Group's Dividend Policy, which states that the total dividend paid will result in a dividend cover of 2 to 2.5 times. Subject to the approval of our shareholders at our Annual General Meeting on Tuesday 19 May 2015, the proposed dividend will be paid on Friday 19 June 2015. The dividend record date is set on Friday 22 May 2015, and the shares will be marked ex-dividend on Thursday 21 May 2015.

Outlook

The ongoing strategic development of the Group, the associated investments it has made since the beginning of 2013 and our recent services wins, particularly in the UK and but also more latterly in Germany, gives us confidence for the future.

The short-term will not be without its challenges. In the UK, there will be a significant number of our 2014 services wins taken on during this year, and these will take time to mature. Whilst we are encouraged by the 2014 fourth quarter performance in Germany, it is too early to tell whether this is a substantial move in the right direction, or simply represents a good quarter.

The Group has transitioned over the last few years to become a business with greater visibility of earnings due to increased services content. Our French business clearly remains in the early stages of making this transition, and whilst it has a small number of attractive existing contracts, it otherwise remains out of date and uncompetitive. Whilst we are confident of reducing the loss materially in France during 2015, a return to profitability is some distance off.

However, our business remains highly cash generative, as evidenced by the recent Return of Value to shareholders, and notwithstanding the challenges outlined above, we are determined to make 2015 a year of progress for the Group.

Mike Norris
Chief Executive Officer
11 March 2015

“
The Group's strong level of cash generation and the sale of RDC has allowed it to announce a second Return of Value to shareholders in two years.”

UK



Kevin James
Country Unit Director, UK

Computacenter in the United Kingdom performed strongly in 2014, achieving significant levels of revenue and profit growth across its services and Supply Chain businesses.

Overall financial performance

As a result, total revenue for the year increased by 10.2 per cent to £1,416.9 million (2013: £1,286.1 million). Adjusted* operating profit in 2014 also grew by 16.5 per cent to £65.5 million (2013: £56.2 million). Statutory profit in the year increased by 10.6 per cent to £65.9 million (2013: £59.6 million).

Services performance

Services revenue grew by 8.6 per cent during the reporting period to £497.6 million (2013: £458.0 million), which incorporated growth of 6.9 per cent within our Managed Services business and 14.0 per cent within Professional Services.

This services growth has been primarily driven by ongoing customer requirements for technology transformation, and continued selective IT outsourcing to best-of-breed IT infrastructure companies to support, manage and transform their IT environments to enable their end-users and their businesses. Therefore, the delivery of high levels of customer satisfaction and the creation of advocacy and referencing from our existing customers remains fundamental to our future growth in services. Maximising the efficiency of our services delivery is also important in allowing the business to remain competitive, and the delivery of services volume growth in 2014 has allowed the preservation of gross margin rates through the high utilisation levels of the Group's central services delivery engines. We also continue to strengthen and invest in our commercial bid governance procedures to ensure that the business is delivering highly refined and standardised core offerings to its target corporate and government customer base.

UK revenue (£m)

2014	1,416.9
2013	1,286.1
2012	1,195.6
2011	1,102.2
2010	1,265.4

Our continual focus on these areas has allowed the business to deliver a number of large new Managed Services contracts during the year. The Royal Mail Group signed a desktop services contract with Computacenter that will increase efficiency across its head office, sorting and distribution locations and improve the user experience for more than 30,000 employees. Additionally, the Post Office has agreed a new IT Managed Services contract with Computacenter focused on the provision of IT services for its end-users, and this will cover 11,500 branch users and 4,000 head office users.

In addition to these new services wins, the business has also renewed a significant number of its existing contracts, particularly in the final quarter of 2014. As part of AstraZeneca's global IT transformation programme, Computacenter will now be delivering on-site IT services to 51,500 users in the UK, France, Germany, the US and Scandinavia, helping its business to improve productivity and drive down costs.

There will be a headwind to Managed Services growth in 2015, due to the significant reduction of one particular contract as previously disclosed in our October 2014 Interim Management Statement. However our new wins and renewals will underpin the Managed Services revenue base during the coming year.

Our Professional Services business has seen strong levels of activity during the year, driven by a number of one-off substantial projects from our existing customers, and a significant level of business related to transformational activity arising out of Managed Services wins in 2014. This has included key technology transformation activity for the Post Office. The significant growth within our Professional Services business continues to be dominated by projects focused on the modernisation of our customers' users workplace. Whilst our Professional Services forward order book finished the year at a record high level, giving us confidence that current levels of growth can be sustained in 2015, we continue to invest in the long-term requirements of our customers, and remain committed to further accelerating our Professional Services activity through related datacenter and networking upgrade and transformation activity.

Revenue (£m)

1,416.9
+10.2%

Adjusted* operating profit (£m)

65.5
+16.5%

Contract base (£m)

334.0
+9.9%

UK revenue by business type (%)



- Workplace – 23%
- Datacenter & Networking – 22%
- Software – 12%
- Third Party Services – 8%
- Professional Services – 9%
- Contractual Services – 26%

Supply Chain performance

Supply Chain revenue in 2014 increased by 11.0 per cent to £919.3 million (2013: £828.1 million). This has been principally facilitated by the ongoing delivery of new Managed Services wins and renewals immediately prior to and during the year. This growth is the direct result of the strength of our services business which drives associated 'pull-through' Supply Chain business. It is additionally supported by the excellent relationships we have with our vendors', due to the added value that we deliver through our Professional Services business, in which we deploy and maximise customer benefit from our vendors' technologies.

As we have previously explained, sustaining our ongoing Supply Chain growth rates will be challenging and difficult to predict, due to the short and medium-term nature of associated customer demands. However, there is a strong correlation between our services and Supply Chain growth, whereby strong Professional and Managed Services growth results in increasing Supply Chain demand which, in turn, leads to greater predictability within our Supply Chain business.



Kevin James
Country Unit Director, UK
11 March 2015

Germany

Revenue (€m)

1,448.3
-3.3%

Adjusted* operating profit (€m)

33.2
-8.0%

Contract base (€m)

332.2
+6.6%



Reiner Louis
Country Unit Director, Germany

We were disappointed to see total revenue decline in 2014. However, the performance of the business improved significantly towards the end of the year, with Q4 2014 representing a

record quarter, by revenue, for the German business. As a result, following a challenging year, the German business enters 2015 in a more positive position than it entered 2014.

Overall financial performance

Total revenue reduced by 3.3 per cent on a constant currency basis to €1,448.3 million (2013: €1,497.8 million), and by 8.2 per cent on an as reported basis. This was primarily as a result of a reduction in revenue generated by our Supply Chain business. Adjusted* operating profit for the German segment, which excludes the three onerous contracts, reduced by 8.0 per cent on a constant currency basis to €33.2 million (2013: €36.1 million), and by 12.4 per cent on an as reported basis. Statutory profit increased by 169.3 per cent in constant currency to €34.2 million (2013: €12.7 million), and by 154.6 per cent on an as reported basis.

Services performance

Services revenue grew by 0.3 per cent during the year in constant currency, but fell by 4.8 per cent on an as reported basis. We have been pleased with the performance of our Professional Services business, which grew by 9.9 per cent in constant currency, and by 4.4 per cent on an as reported basis building on the momentum it generated in 2013. It continues to benefit from our strong consulting capabilities and significant investment by the business in the cross-selling of Professional Services to its existing Managed Services customers, particularly in the areas of Mobility, Cloud and Security. The business is now also reaping the benefit of implementing a number of recent internal initiatives to increase levels of collaboration between its sales force and Professional Services consulting unit, leading to a higher overall quality of bid proposals being submitted. The implementation of the Group Operating Model in 2013 has also resulted in appropriate governance procedures being in place to ensure service quality and the delivery of projects on time and to budget.

Germany revenue (€m)

2014	1,448.3
2013	1,497.8
2012	1,473.1
2011	1,415.3
2010	1,176.7

Our Professional Services business continued to benefit throughout 2014 from significant demand for our workplace offerings. We currently have a strong Professional Services forward order book in place, and anticipate further growth in 2015. In 2014, KVH renovated its IT infrastructure and introduced a Private Cloud environment for over 100 applications used by the business, in order to provide a more cost-effective and faster solution for its customers. Computacenter planned, designed and installed the complete solution within 12 months of the initial instruction by the customer.

Whilst revenue in our Managed Services business reduced by 3.0 per cent in constant currency and 7.9 per cent on an as reported basis, this performance was impacted by our prioritisation of governance procedures over investment in new Managed Services bids during 2013, and as previously explained, the loss of a significant customer contract in the fourth quarter of 2013. Our Managed Services pipeline has strengthened gradually through the year, which should underpin services growth in 2015. Managed Services margin levels have also improved as the efficiencies delivered by the implementation of our Group Operating Model continue to take effect. This has also been accompanied by a significant increase in the levels of customer satisfaction being generated by our services business. This improvement has been recognised externally within a survey by the Whitelane Research Group, which evaluated the top 100 IT spending organisations and over 300 IT outsourcing contracts. The survey listed Computacenter as the number one provider of end-user computing services in Germany.

The Group's strategy of focusing on the enablement of IT end users has been well received, both internally and by our customers, and we believe it is well suited to the ongoing move of German enterprise and corporate organisations towards the tower-based procuring of IT services, as has previously been seen in the UK. Our focus on end users has contributed to the business winning a number of Managed Services bids during the year, including what we believe is the biggest IT service help-desk contract put out to tender in Germany in 2014. We believe that current Managed Services market opportunities in Germany align well with our specific portfolio of offerings, and in order to support Managed Services growth in 2015, and drive further efficiency gains, the business will invest in areas such as field force automation, IT asset management and business take-on.

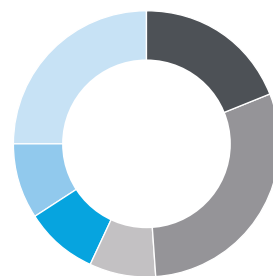
Supply Chain performance

Our Supply Chain business had a challenging year in 2014. Notwithstanding a very strong performance in the fourth quarter which saw revenue growth of 16.0 per cent in constant currency, Supply Chain revenue for the year as a whole reduced by 5.0 per cent in constant currency, and by 9.8 per cent on an as reported basis. A disappointing product sales performance during the first half of the year was exaggerated by the loss of a single low-margin software licence of circa €30 million sold in the second quarter of 2013 and not repeated during the year, as previously disclosed in our 2014 Interim Results. The Supply Chain business was also materially impacted by the loss of one significant customer contract during the second quarter of 2013 and a weaker performance by our datacenter business in the first half of the year.



Reiner Louis
Country Unit Director, Germany
11 March 2015

Germany revenue by business type (%)



- Workplace – 19%
- Datacenter & Networking – 30%
- Software – 8%
- Third Party Services – 9%
- Professional Services – 9%
- Contractual Services – 25%

“
The Group's strategy of focusing on the enablement of IT end-users has been well received.”

Axel Springer SE wants to become the leading digital publisher. With its headquarters in Berlin, Germany, Axel Springer is one of the largest media companies in Europe with nearly 14,000 employees worldwide. With forceful internationalisation and digitisation, digital media activities contribute more than 50 per cent to Axel Springer's revenues and more than 70 per cent to the EBITDA today. Axel Springer is present in more than 40 countries.

The requirements of modern users towards IT enablement through their companies are constantly increasing. Consumerisation of IT demands with regard to device variety, renewal cycles and application comfort, significantly increase complexity for IT device management and deployment. Driven through personal user trends and with the objective of Axel Springer to build growth through digitising its business, mobility moved to the top of the IT agenda. With the advent of mobile first, it was evolving to be deeply integrated into the modern workplace.

Together with Computacenter, Axel Springer introduced an innovative concept to place their users at the centre of a state-of-the-art mobile workplace experience. The Genius Bar was launched as a central service point for new IT equipment, for example the latest Apple devices. Users can experience modern IT, test latest models, and also have a central service point for device roll-out, consulting and short training on their devices for both business and personal applications. Staff are modern and young; the user experience is service oriented and highly relevant.

Computacenter's heritage in Supply Chain, as well as the breadth of vendor relationships, enable Axel Springer to deliver a modern IT image to their users. From staffing the service point to hardware testing, administration and roll-out, Computacenter is responsible for the end-to-end services in the operation of the Genius Bar.

Axel Springer,
Computacenter Customer, Germany



Pierre Hall
Director of Solutions,
Computacenter

We have been developing skills, capabilities and processes to enable Computacenter to provide a complete portfolio of enterprise mobile services to our customers. We are also implementing internally at Computacenter so that we can not only 'walk the talk' but showcase it to our customers to understand how this solution can transform their business.



Mobility



“
Computacenter
in France has
continued its
journey to
becoming a
services-led
business.”

France

Revenue (€m)

584.7
+6.4%

Adjusted* operating profit (€m)

-11.0
-27.9%

Contract base (€m)

61.9
-7.5%



Isabelle Roux-Buisson
Country Unit Director, France

General market conditions remained difficult in France throughout 2014, our business suffered from the poor service quality that it delivered in 2013, and has failed to manage its cost base appropriately in the past.

During the year, the business has required sustained transformational and restructuring activity to attempt to increase its future competitiveness. This has inevitably led to disruption of the day-to-day running of operations which, in turn, has impacted the 2014 financial performance.

Overall financial performance

2014 was a difficult year for our French business. Total revenue increased on a constant currency basis by 6.4 per cent to €584.7 million, and by 1.0 per cent on an as reported basis, but it should be noted that this growth was generated from low-margin areas of our Supply Chain business. In addition to reduced underlying services volumes, this has resulted in gross margins remaining challenging across the business. During the reporting period, the adjusted* operating loss incurred by the business increased by 27.9 per cent on

France revenue (€m)

2014	584.7
2013	549.3
2012	591.5
2011	551.3
2010	419.4

a constant currency basis to €11.0 million (2013: adjusted* operating loss of €8.6 million) and 20.5 per cent on an as reported basis. The statutory loss reduced by 7.5 per cent on a constant currency basis to €23.4 million (2013: €25.3 million) and by 12.1 per cent on an as reported basis.

Services performance

Computacenter in France has continued its journey to becoming services-led, with a business model more aligned to that seen in the Group's UK and German subsidiaries.

Total services revenue in 2014 increased on a constant currency basis by 6.5 per cent to €96.4 million, and by 1.2 per cent on an as reported basis. However, this performance reflects the benefit of the first year of taking on one very large Managed Services contract, and without this, services revenue would have been down by 9.6 per cent in constant currency against the 2013

performance. This underlying reduction in volumes was principally caused by the loss of a small number of important services contracts at the end of 2013 as a result of poor service levels being delivered prior to that time. It has led to the under-utilisation of staff within Managed Services throughout 2014 and a consequential dilution of gross services margins.

Our Professional Services business has continued to perform well, driven by good levels of demand for our Projects business, particularly on transformational work around Windows 7 migrations. We anticipate that this demand will continue into 2015. We are also pleased with the progress made in taking on the Group's largest ever Managed Services contract by revenue, referred to above, in accordance with processes and procedures implemented as part of the Group Operating Model.

We continue to invest in our services business, including the recruitment of Managed Services sales staff and operational experience with a proven track-record in the industry. Our newly opened service desk location in Montpellier has been designed, and will function, in accordance with the Group Operating Model processes referred to above.

Supply Chain performance

Total Supply Chain revenue over the period grew by 6.4 per cent on a constant currency basis to €488.2 million, and by 1.0 per cent on an as reported basis. Following the implementation of Group Operating Model processes and procedures, our Supply Chain business is now delivering improved levels of customer service and satisfaction. The growth in low-margin software revenue during the period has off-set the revenue impact of reduced spend from other customers.

The business is currently too reliant on workplace product sales and software revenue from the public sector. These tend to be both low-margin and working capital intensive, and therefore a key focus for the business in 2015 will be improving our product mix to focus on higher-margin sales of datacenter and networking related products, and building our volume of sales deals with the private sector. Whilst we have taken significant action in the second half of 2014 to provide the foundation to achieve these objectives in the medium term, the performance of our Supply Chain business in 2015 will ultimately be dependent on the short and medium-term spending patterns of our customers.

Restructuring and transformational activity

Significant restructuring and transformational activity has taken place throughout the course of 2014. This aims to develop, in the medium term, a business capable of industrialised design, sales and delivery of IT services, which is competitive in all areas in which it does business and generates appropriate financial returns given its level of capital investment.

This commenced with the implementation of the Group Operating Model at the beginning of the year, following which the business is now beginning to benefit from the expertise and experience of Group Management, and the industrialised processes and methodologies which are in place within the Group's UK and German businesses.

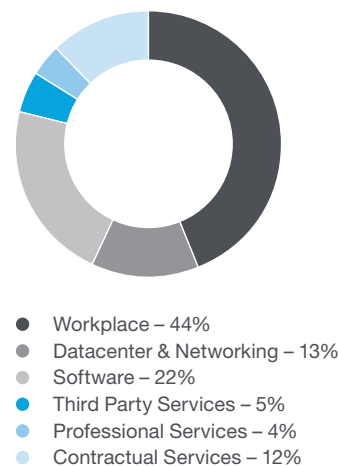
As a result, our customer service offering has improved during the course of the year and the operating costs of our warehouse at Gonesse have reduced. We have implemented Group tools and processes in the service delivery functions, and have improved our target customer focus to align more closely to the UK and Germany. This is being done with a particular focus on our services pipeline, which follows a full review by the business of its customer base. This was completed with a view to ensuring that it delivers IT value for the customers that it serves whilst delivering appropriate rates of return for the Group. This exercise has resulted in a renewed focus on certain areas, which includes ensuring that the business has a sufficient quality of sales resource to drive volumes and additional margins through increased utilisation of the Group's central services delivery engines.

During the first half of 2014, the business was uncompetitive due to the size of its cost base. In order to address this issue, the Group undertook a comprehensive restructuring, or Social Plan, during the second half of the year. This should help improve the financial performance in 2015 and enable the business to compete more effectively.



Isabelle Roux-Buisson
Country Unit Director, France
11 March 2015

France revenue by business type (%)

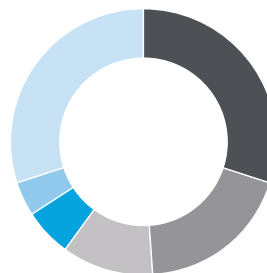


Belgium



Lieven Bergmans
General Manager, Belgium

Belgium revenue by business type (%)



- Workplace – 30%
- Datacenter & Networking – 19%
- Software – 11%
- Third Party Services – 6%
- Professional Services – 4%
- Contractual Services – 30%

Revenue (€m)

65.4
+15.1%

Adjusted* operating profit (€m)

2.6
+18.2%

Contract base (€m)

19.7
+2.1%

Belgium revenue (€m)

Year	Revenue (€m)
2014	65.4
2013	56.8
2012	56.1
2011	49.5
2010	49.6

Our business in Belgium has performed well in 2014, achieving growth across the business against the prior year performance.

Overall financial performance

Total revenue grew by 15.1 per cent on a constant currency basis to €65.4 million, and by 9.3 per cent on an as reported basis. Adjusted* operating profit increased on a constant currency basis by 18.2 per cent to €2.6 million, and by 16.7 per cent on an as reported basis. Statutory profit increased on a constant currency basis by 21.1 per cent to €2.3 million and by 18.8 per cent on an as reported basis.

Services performance

Total services revenue increased by 0.4 per cent in constant currency but decreased by 4.7 per cent on an as reported basis. After the acquisition of Informatic Services, the business has successfully concluded the integration of its service management teams and Managed Services contracts, and as of 2015 is now operating under a fully integrated reporting structure. During the reporting period, there has been a strong focus on underpinning our future contract revenue base through the renewal of our existing Managed Services contracts.

This has included the renewal of our Managed Services contract with SWIFT for a further five-year term, which was in no small part facilitated by the investment that the Group is making in its ability to support its customers on a global scale, and to improve their users' IT experience and productivity. The renewal includes the transfer of part of the existing Service Desk to Kuala Lumpur, Malaysia, and the accompanying implementation of a contact desk specifically focused on providing end-users with effective diagnosis and troubleshooting support. There remain a number of significant Managed Services

contract renewals ahead of us in 2015, and we will further explore and leverage the Group's services offering, as we are confident that this will offer us a local competitive advantage.

We have also made significant progress in developing our Professional Services and solutions portfolio during the year, although given ongoing rapid changes in technology, this remains a work-in-progress. Our increasing Supply Chain and consulting capabilities have enabled us to win a number of infrastructure projects. These included the installation of a 'connected lounge' project in Brussels Airport for our customer, Brussels Airlines, which required our Supply Chain, software licensing and Professional Services teams to work in collaboration to deliver consulting expertise, hardware and software licences which allow Brussels Airlines customers to borrow a Microsoft Surface tablet whilst in the customer waiting lounge at Brussels Airport.

Supply Chain performance

Our total Supply Chain revenue grew on a constant currency basis by 24.7 per cent to €42.9 million, and by 18.5 per cent on an as reported basis. In contrast to the significant Supply Chain growth achieved by the business in 2012 which was based on a small number of significant one-off large deals, Supply Chain growth in 2014 has been based on winning a significantly larger number of smaller projects with a variety of international customers, which we believe will make our Supply Chain business less prone to a repeat of the sharp decline in revenue seen during 2013. The Supply Chain mix within the business remains unchanged and is broadly in line with that seen at a Group level.

Lieven Bergmans
General Manager, Belgium
11 March 2015

Group Finance Director's review 2014



Tony Conophy
Group Finance Director

In 2014, Computacenter Group delivered the fifth successive year of turnover growth and improved both statutory and adjusted profitability in the face of variable Supply Chain demand within our German business and ongoing strategic refocusing of our French business.

Turnover and profit

Group turnover grew by 1.2 per cent to reach £3,107.8 million. On a constant currency basis turnover growth was 4.2 per cent. Adjusted* profit before tax increased by 5.1 per cent from £81.7 million to £85.9 million, or 6.8 per cent in constant currency.

After taking account of exceptional items relating to the restructuring programme in France ('Social Plan') and the improving outlook for the German onerous contracts, statutory profit before tax improved by 51.3 per cent from £50.5 million to £76.4 million.

Adjusted* operating profit

Management measure the Group's segmental 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 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.

Group profitability continues to be led by the UK segment which increased adjusted* operating profit by 16.5 per cent. German performance slipped with an 12.4 per cent decrease in adjusted* operating profit whilst the French segment declined a further 20.5 per cent in adjusted* operating profit, both on an as reported basis.

United Kingdom

The UK segment saw 10.2 per cent revenue growth in 2014, increasing to £1,416.9 million. Supply Chain revenues increased by 11.0 per cent, driven by continuing demand from a growing Contractual Services customer base, which resulted in incremental opportunities for the Supply Chain business. Growth also came from more sustained purchasing from existing customers driven by the continued economic improvement within the UK economy. Services revenues increased the rate of growth from 6.2 per cent in 2013 to 8.6 per cent growth in 2014. Within this, Contractual Services revenue grew 6.9 per cent as the wins recorded in 2013 had a full year of delivery. Professional Services, in turn, generated 14.0 per cent growth in revenues with utilisation rates at near-maximum.

Margin rate in the Supply Chain business built on the stability seen in 2013 with a small improvement throughout 2014 due to an improving product mix. The improved mix was partially attributable to the effect of order 'pull-through' from the services business and also due to the focus placed on enhancing vendor relationships and opportunities. Services margin reduced slightly from last year mainly due to the expected impact of new business in Contractual Services. This was a great performance largely maintaining, throughout 2014, the gains achieved from improved execution and high utilisation that were consolidated in 2013. This resulted in UK total adjusted gross profit reducing slightly from 15.6 per cent to 15.5 per cent of sales. Adjusted operating expenses ('SG&A') rose by 7.2 per cent, slowing from the 9.3 per cent increase across 2013. The UK segment absorbed the majority of the Group's investment costs. It also incurs the majority of senior management and Group Governance costs due to the Group being UK domiciled.

Overall this has resulted in a 16.5 per cent increase in adjusted* operating profit from £56.2 million to £65.5 million.

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

Table 1: Group revenues (£m)

	Half 1 £m	Half 2 £m	Total £m
2012	1,422.3	1,491.9	2,914.2
2013	1,426.3	1,645.8	3,072.1
2014	1,458.3	1,649.5	3,107.8
2014/13	2.2%	0.2%	1.2%

Table 2: Adjusted* profit before tax (£m)

	Half 1		Half 2		Total	
	£m	%	£m	%	£m	%
2012	25.8	1.8%	53.5	3.6%	79.3	2.7%
2013	26.2	1.8%	55.5	3.4%	81.7	2.7%
2014	28.0	1.9%	57.9	3.5%	85.9	2.8%
2014/13	6.9%		4.3%		5.1%	

Table 3: Revenues by country (£m)

	2014			2013		
	Half 1	Half 2	Total	Half 1	Half 2	Total
UK	675.4	741.5	1,416.9	592.1	694.0	1,286.1
Germany	526.5	640.6	1,167.1	603.4	668.0	1,271.4
France	230.9	240.2	471.1	207.8	258.6	466.4
Benelux	25.5	27.2	52.7	23.0	25.2	48.2
Total	1,458.3	1,649.5	3,107.8	1,426.3	1,645.8	3,072.1

Germany**

German revenue declined in 2014 with revenue, as reported, reducing by 8.2 per cent to £1,167.1 million (2013: £1,271.4 million). In constant currency revenue fell 3.3 per cent.

Supply Chain revenues fell by 5.0 per cent in 2014, driven by a series of coinciding material events. The underlying demand from customers fell away in the first half and did not recover until the fourth quarter of the year. This was further impacted by the loss of a previously recurring software licence resale of circa €30 million that occurred for the last time in the second quarter of 2013. Whilst the year as a whole was disappointing, real momentum returned in the final quarter of the year with strong growth of 16.0 per cent over the final quarter of 2014.

Services revenues were flat with 0.3 per cent growth in 2014. The business continues to focus on the quality of offering and targeting strategic partnerships for the Contractual Services pipeline, whilst expanding the Professional Services business. As the business becomes more confident in the bidding and execution of Contractual Services deals, we expect services revenue growth to return, as evidenced by several recent key Contractual Services wins.

The quality of offering, and the focus on the profitability of those offerings, has seen gross margin within the German business increase from 12.4 per cent in 2013 to 13.0 per cent in 2014. Supply Chain gross margin was broadly flat which was a considerable result in a declining sales environment and was supported through a material increase in services margins which are continuing to improve and close the gap on UK services margins.

SG&A has increased by 3.3 per cent in constant currency, but has fallen 2.0 per cent in reported currency.

Overall, the German segment adjusted* operating profit decreased by 12.4 per cent from £30.6 million to £26.8 million as reported, a decrease of 8.0 per cent in constant currency.

France**

The revenue in the French segment increased by 6.4 per cent in the year but is still below the levels of 2012. Supply Chain revenue grew by 6.4 per cent. However, this was flattered by a significant increase in the level of activity with lower margin customers. Whilst most of the operational issues related to the unsatisfactory implementation of our ERP system have been resolved and corrective action taken in our warehouse operation, which have materially improved the overall customer experience, the business now needs to focus on customer quality and the impact on total cost to serve.

Services revenues grew 6.5 per cent over during 2014, although this is primarily related to the take-on of the Group's largest Contractual Services win. The take-on of this contract has been completed successfully, but hides an underlying decline in activity and opportunities within the French services business. This has resulted in an under-utilisation of resources which leaves the French business uncompetitive and, for international deals involving France, renders the Group uncompetitive.

Services gross profit in 2014 has been impacted throughout the year by the weak growth in demand for our Professional Services business where revenue was

broadly flat on 2013. This continues the capacity utilisation issues seen in 2013, which in France are difficult to correct over the short term. This spare capacity continues to have a significant impact on gross margins achieved.

In addition, gross margins in the Supply Chain business have continued to reduce as the quality of product mix has deteriorated with an increased proportion of low-margin software business which has had a positive effect on revenue but generated little incremental contribution.

The result of these two issues is that overall gross margin reduced from 8.2 per cent to 6.7 per cent.

SG&A expenses have decreased by 6.2 per cent, largely reflecting the initial benefit from the French Social Plan and business transformation which is targeted to reduce costs in the business to improve the competitive position. The SG&A reduction was impacted by a €2 million additional cost to provide for doubtful debts. The cost of implementing the Social Plan has been recorded as an exceptional cost in 2014 of £9.1 million.

Overall, the adjusted* operating result as reported in France has increased from a £7.3 million loss in 2013 to a £8.8 million loss in 2014.

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

Belgium**

Reported revenue increased by 9.3 per cent to £52.7 million (2013: £48.2 million) equating to an increase of 15.1 per cent in local currency. Supply Chain revenue increased 24.7 per cent rebuilding the business to 2012 levels which saw a very significant one-off Supply Chain order from one customer. This is especially pleasing as the customer base has broadened and become more international reducing the opportunity for future revenue declines to be related to large individual customers.

Services revenue was largely flat in 2014, growing 0.4 per cent, in a year of consolidation due to the full integration of the business acquired at the end of 2012. The focus was on renewing key Contractual Services customers to provide stability in the contract base to continue to grow the business through 2015.

Whilst both service and product margin increased through the year, the large increase in product sales compared to the flat services revenue growth has resulted in an overall decrease in gross profit return on sales for Belgium from 12.5 per cent in 2013 to 11.6 per cent in 2014.

SG&A in 2014 is broadly flat compared to 2013 with an increase of 2.7 per cent. Overall, there has been a 16.7 per cent increase in reported adjusted* operating profit from £1.8 million in 2013 to £2.1 million in 2014 which is equivalent to a 18.2 per cent increase in constant currency.

Exceptional items

The three onerous contracts in Germany have continued to perform in line with our original forecast throughout 2014. One of the contracts ceased in the final quarter of the year with the other two contracts due to complete in 2016. The performance outlook on these two contracts continues to improve and coupled with the settlement of an associated legal claim, has given Management confidence

to release £1.5 million of the provision as an exceptional gain, partly reversing the previously recorded exceptional loss incurred in establishing the provision. The scale of the remaining two contracts means that any significant deviation from the projections considered at the year-end could result in a further material change to the provisioning required. However, Management remains confident in the level of provisioning held at the end of 2014.

Computacenter France has implemented a programme to reduce its SG&A and restructure the business and cost model in line with the Group Operating Model in an attempt to make the business more competitive both within France and as part of the Group. This programme will position the business to enable it to embark on transformative activity in its approach to winning and servicing new customers, both in services and, more importantly in the short term, its Supply Chain business. As previously mentioned the Supply Chain business features a number of very large but very low-margin contracts supplemented by numerous small volume contracts where individual relationship margins do not sufficiently contribute to justify the business relationship.

This programme, or Social Plan, has incurred £9.1 million of costs in 2014, with the majority of the cash flows to occur in 2015.

Finance income and costs

Net finance costs of £0.2 million were incurred on a statutory basis in 2014 (2013: £0.5 million). This takes account of finance costs on CSF of £0.6 million (2013: £0.8 million). On an adjusted basis, prior to the interest on CSF, net finance income was £0.3 million in 2014 (2013: £0.3 million).

Taxation

The effective adjusted* tax rate for 2014 was 24.9 per cent (2013: 23.7 per cent). The deterioration was due to a lower mix of overseas earnings in 2014 compared to 2013, with the continuing lack of profitability in France significantly impacting the overall rate. However, the Group's tax rate continues to benefit from losses utilised on earnings in Germany and further benefits from the reducing corporation tax rate in the UK.

The Group makes every effort to pay all the tax attributable to profits earned in each jurisdiction that it operates in. The Group does not artificially inflate or reduce profits in one jurisdiction to provide a beneficial tax result in another.

Deferred tax assets of £12.2 million (2013: £13.6 million) have been recognised in respect of losses carried forward. At 31 December 2014, there were unused tax losses across the Group of £115.8 million (2013: £125.4 million) for which no deferred tax asset has been recognised. Of these losses, £35.9 million (2013: £54.5 million) arise in Germany and £78.9 million (2013: £67.6 million) arise in France. A significant proportion of the losses arising in Germany have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

Earnings per share and dividend

The adjusted* diluted earnings per share has increased in line with profit performance by 8.1 per cent from 43.3 pence in 2013 to 46.8 pence in 2014. The statutory diluted earnings per share has increased from 23.0 pence in 2013 to 40.0 pence in 2014, primarily driven by the impact of exceptional charges in 2013 being significantly higher than in 2014.

Table 4: Adjusted operating profit by country (£m)

	2014					
	Half 1		Half 2		Total	
	£m	%	£m	%	£m	%
UK	24.9	3.7%	40.6	5.5%	65.5	4.6%
Germany	7.8	1.5%	18.9	3.0%	26.7	2.3%
France	(5.6)	(2.4%)	(3.2)	(1.3%)	(8.8)	(1.9%)
Benelux	1.0	3.9%	1.1	4.0%	2.1	4.0%
Total	28.1	1.9%	57.4	3.5%	85.5	2.8%

	2013					
	Half 1		Half 2		Total	
	£m	%	£m	%	£m	%
UK	20.0	3.4%	36.2	5.2%	56.2	4.4%
Germany	9.7	1.6%	20.9	3.1%	30.6	2.4%
France	(4.6)	(2.2%)	(2.6)	(1.0%)	(7.2)	(1.5%)
Benelux	0.6	2.6%	1.2	4.8%	1.8	3.7%
Total	25.7	1.8%	55.7	3.4%	81.4	2.6%

The Board has proposed a final dividend of 13.1 pence per share. The interim dividend paid on 17 October 2014 was 5.9 pence per share (the 'Interim Dividend Amount'). Adjusting this payment for the share consolidation on 20 February 2015 (the 'Share Consolidation') increases the Interim Dividend Amount to 6.7 pence, resulting in a total dividend per share of 19.8 pence, for those shares in existence immediately after the Share Consolidation. The total dividend per share for 2013 was 17.5 pence per share or 19.6 pence per share on a pro forma basis, after taking account of the Share Consolidation. The Board has consistently applied the Group's Dividend Policy, which states that the total dividend paid will result in a dividend cover of 2 to 2.5 times. Subject to the approval of our shareholders at our Annual General Meeting on Tuesday 19 May 2015, the proposed dividend will be paid on Friday 19 June 2015. The dividend record date is set on Friday 22 May 2015, and the shares will be marked ex-dividend on Thursday 21 May 2015.

Disposal of R.D. Trading Ltd

On 2 February, 2015, the Group announced that it was disposing of its wholly-owned IT disposal and recycling subsidiary, R.D. Trading Ltd ('RDC').

The Group reached agreement with Arrow Electronics UK Holding Limited for the disposal of the entire issued share capital of RDC. For the year ended 31 December 2014, RDC generated revenues of £44.1 million (2013: £41.9 million) and statutory profit before tax of £4.8 million (2013: £3.7 million).

Gross consideration for the disposal is £56 million payable in cash (on a cash free and debt free basis), before transaction costs and subject to certain post-completion adjustments. Completion of the disposal is not subject to any outstanding conditions and has now taken place. There is no provision for the payment of deferred consideration under the sale agreement.

The proceeds of the disposal were used as part of the one-off Return of Value to Shareholders outlined below.

Return of Value to Shareholders

The Group also announced on 2 February, 2015, that it proposed to make a one-off Return of Value to shareholders of 71.9 pence per Existing Ordinary Share, equivalent to approximately £100 million or approximately 11.2 per cent of Computacenter's market capitalisation, based on the middle market price of 643 pence per Existing Ordinary Share on 29 January 2015.

Cash flow

Net funds excluding CSF increased from £90.3 million to £128.5 million by the end of the year. The Group continued to deliver strong cash generation from its operations in 2014, with net cash flow from operating activities of £94.4 million (2013: £62.9 million).

Challenges remain within working capital due to legacy and systemic issues that have materially impacted our French business and its cash collection in particular. These issues stem from the poor ERP implementation in 2013, which led to backlogs preventing the timely processing of transactions impacting cash collection and payment of invoices. These backlogs have continued to grow in 2014 as the French business entered the Social Plan which caused some disruption to the teams responsible for collecting cash and monitoring debt levels within the business. During the second half of the year a new Finance Shared Service Centre was set up in Budapest, Hungary, which, after the normal transition and start-up challenges has stabilised and is on an improving trend. Whilst the debt position in France remains a top priority for both local and Group management, significant headway has been made in understanding and resolving legacy collection and system related invoicing issues that are reducing the overdue debt and increasing the rates of collection amongst new debt.

In the year we spent over £17 million on capital expenditure primarily on investments in IT equipment in our business and software tools to enable us to deliver improved service to our customers.

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 £38.6 million at 31 December 2014, a decrease of £2.5 million from 31 December 2013. This improvement in credit terms has been in operation since 2009 and whilst the continuation of these terms is not guaranteed and can be withdrawn at any time, the terms are generally available to all material partners of that significant vendor. We no longer feel it is necessary to continue to highlight these terms in the Performance Review. However, we will continue to reference this item in this report, but we will not routinely report the number in Interim Management Statements, similar external updates or within the accounts themselves.

Customer Specific Financing decreased in the year from £18.9 million to £9.3 million. CSF remains low compared to historical standards due to a decision to restrict this form of financing in light of the current credit environment and reduced customer demand.

Taking CSF into account, net funds at the end of the year were £119.2 million, compared to £71.4 million at the start of the year.

Customer specific financing

In certain circumstances, the Group enters into customer contracts that are financed by leases or loans. 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 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 facilities, partly as the Group applies a higher cost of finance to these transactions than customers' marginal cost of finance.

Capital Management

Details of the Group's capital management policies are included within note 25 to the financial statements.

Financial instruments

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items that arise directly from its operations. The Group enters into hedging





transactions, principally Forward Exchange contracts or currency swaps. The purpose of these transactions is to manage currency risks arising from the Group's operations and its sources of finance. As the Group continues to expand its global reach and benefit from lower cost operations in certain geographies such as South Africa, it has entered into Forward Exchange contracts to help manage cost increases due to currency movement.

The Group's policy remains that no speculative trading in financial instruments shall be undertaken.

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

Interest rate risk

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

Liquidity risk

The Group's policy is to ensure that it has sufficient funding and facilities in place to meet any foreseeable peak in borrowing requirements. The Group's positive net funds position was maintained throughout 2014, and at the year-end was £128.5 million excluding CSF, and £119.2 million including CSF.

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

During 2013 the Group entered into a specific committed facility of £40.0 million for a three-year term which expires in May 2016. In February 2015 this facility was extended at the same value through to February 2018.

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

Customer specific financing facilities are committed.

Foreign currency risk

The Group operates primarily in the UK, Germany, France, and with smaller operations in Belgium, Hungary, India, Malaysia, Luxembourg, Spain, South Africa, Switzerland and the United States of America. The Group uses a cash pooling facility to ensure that its operations outside of the UK are adequately funded, where principal receipts and payments are denominated in Euros. For those countries within the Euro zone, the level of non-Euro denominated sales is 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 Group has been increasingly successful in winning international services contracts where services are provided in multiple countries. The Group aims to minimise this exposure by invoicing the customer in the same currency in which the costs are incurred. For certain contracts, the Group's committed contract costs are not denominated in the same currency as its sales. In such circumstances, for example where contract costs are denominated in South African Rand, the Group eliminates currency exposure for a foreseeable future period on these future cash flows through forward currency contracts. In 2014, the Group recognised a loss of £0.3 million (2013: loss of £1.4 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 a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements.

Fair, balanced and understandable

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

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

Tony Conophy
Group Finance Director
11 March 2015

Corporate Sustainable Responsibility



Mike Norris
Chief Executive Officer

Computacenter understands that the services that it provides to its customers, and therefore the value that it can deliver to its shareholders, require vital contributions from a wide range of stakeholders, including its employees, contractors, suppliers and business partners. The societies and communities which provide and support these individuals and organisations therefore themselves make an indirect, but important contribution, towards the Group's success, and it is important that Computacenter gives something back to these societies and communities where it can. Additionally, it is increasingly the case that our existing and prospective customers view activity in this area as one of the determinant factors in who they want to do business with. Therefore, not only is making an appropriate contribution in this area the right thing to do for the wider community, it is the right thing to do for our business.

Since 2007, the Group has based its approach to Corporate Sustainable Responsibility on the 10 core principles (the 'Principles') of the United Nations Global Compact ('UNGC'), which are outlined opposite. This includes setting objectives and behaving in a manner which is consistent with these Principles when dealing with its own workforce and in its business interaction with each community in each country within which it operates. In 2009, the Group published its first Communication on Progress on the UNGC website, and we have continued to do so on

an annual basis ever since that time. The Group believes that the UNGC provides it with an appropriate framework through which to measure its development and progress in this area. We strive to incorporate the UNGC and its principles into our strategy, culture and day-to-day operations, through the development, communication and implementation of relevant policies throughout the organisation. Indeed, following the establishment of our commitment to the Principles, we have adopted and revised a number of our existing policies and procedures across the Group, and will continue to do so on an ongoing basis.

We actively seek to collaborate with and encourage our suppliers and contractors to operate in a similar socially responsible manner. This is reviewed by the Group through the completion and ongoing review of relevant third party documentation. The Group makes additional enquiries to ensure that the commitments we receive from our suppliers are fulfilled.

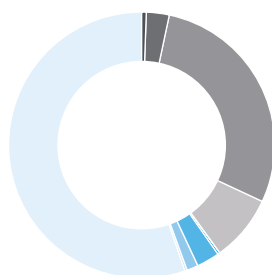
A handwritten signature in black ink, appearing to read 'Mike Norris'. The signature is fluid and cursive, written over a white background.

Mike Norris
Chief Executive Officer
11 March 2015

UNGC 10 Core Principles

Category	Principles
Human Rights	
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	ensure that they are not complicit in human rights abuses.
Labour Standards	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	
Principle 7	Businesses should support a precautionary approach to environmental challenges; and
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

CO₂ – percentage of total emissions by country (%)



“**Computacenter is committed to continuously improving the environmental impact of its business activities.**”

Update on progress against the Principles

A summary of the action undertaken by the Group against each of these objectives, and the objectives it has set for itself in 2015 can be found on its website at: www.computacenter.com.

Other Corporate Sustainable Responsibility Activity

The environment

Computacenter is committed to continuously improving the environmental impact of its business activities. We comply fully with all relevant environmental legislation and regulation of the jurisdictions in which we operate, and monitor the environmental impact of our business. We aim to reuse, recycle and reduce waste wherever possible, actively prevent pollution and have an emergency response capability to cope with any accidental pollution incidents. We train and communicate with our employees to improve their awareness of environmental matters as part of our established Environmental Management system.

We continue to monitor our carbon dioxide emissions across the Group, which are set out by country and area of business in this report. As part of investing in more energy efficient technology, we have purchased and installed equipment to assist in reducing our 'Carbon Footprint'. As a result, we are pleased to report a 0.7 per cent reduction in our greenhouse gas emissions in 2014 against prior year comparative levels, notwithstanding the continued expansion of our global activities, and an increase in our Group revenues during the reporting period.

We continue to hold an ISO 14001:2004 Certificate in the UK, and have during the reporting period achieved this certification in France for the first time. 2014 saw the successful recertification of the quality

and Environmental Management system (ISO 9001:2000 and 14001:2005) in our German business.

Health & safety

It is the Company's policy that, as far as is reasonably practicable, a working environment is created and maintained which does not pose undue risk to the health & safety of our employees, customers, suppliers, sub-contractors, visitors and members of the public. Our approach to health & safety is also based on the identification and control of hazards. The prevention of all incidents, particularly those involving personal injury and damage to equipment or property, is recognised as being essential to avoid similar occurrences and the efficient operation of the business. A fundamental part of our preventative approach is the completion of thorough 'near-miss' investigations, the recommendations from which are implemented and then monitored as deemed appropriate.

All of our employees are made aware of the importance of health & safety and contribute to the maintenance of a safe working environment. We promote consultation between employees and managers concerning matters of health & safety and provide the necessary finance, equipment, personnel and time to ensure its implementation and maintenance. The reporting period saw an acceptable health & safety performance, driven by an established health & safety system, during which we have kept the Accident Incident Rate ('AIR'), (i.e. the number of accidents per 1,000 employees), across our main operating geographies to less than 2.5, and the Accident Frequency Rate ('AFR'), (i.e. the number of accidents per 100,000 working hours) to below 1.2. In 2015, we will be attempting to reduce the AFR to below 1.0 in the UK, Germany and France.

Computacenter plc mandatory greenhouse gas emissions reporting

Computacenter plc mandatory greenhouse gas emissions reporting	Methodology	Recent UK-based emission reduction projects include:												
Global GHG emissions data for period 1 January to 31 December 2014	We have used the main requirements of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).	Installation of 4 Voltage Optimisation Units saving 7 to 10 per cent of electricity usage per year.												
Emissions = Metric Tonnes of CO ₂ e		£4.5 million of renewable electricity has been purchased for the UK sufficient for two years usage for period 2013/14.												
<table border="1"> <thead> <tr> <th>Year</th> <th>2013</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>3,290</td> <td>5,191</td> </tr> <tr> <td>Scope 2</td> <td>24,949</td> <td>22,856</td> </tr> <tr> <td>Total</td> <td>28,239</td> <td>28,047</td> </tr> </tbody> </table>	Year	2013	2014	Scope 1	3,290	5,191	Scope 2	24,949	22,856	Total	28,239	28,047	Emission factors used are from the UK Government's Conversion Factors supplied by Defra.	Continued investments in new technology helping reduce emissions in datacenters. The electricity used in the datacenters is 45 per cent of the total for the UK. These datacenters host customers' IT in the form of servers thus reducing their carbon footprint however, this increases the emissions for Computacenter as we become the landlords.
Year	2013	2014												
Scope 1	3,290	5,191												
Scope 2	24,949	22,856												
Total	28,239	28,047												
Scope 1 = Combustion of fuel and refrigerants usage	Based on input from external consultants, our methodology was developed to capture additional emissions, such as refrigerants.													
Scope 2 = Electricity, heat, steam and cooling purchased for own use	This activity has been conducted as part of our UK Environment Management System registered to ISO 14001:2004 (EMS 71255).	Investment was also made in the replacement of nine more efficient gas boiler systems located at the UK Hatfield and London offices.												
Company's chosen intensity measurements: Emissions as reported above, 9.02 per £ million value of Group revenue: (2013: 9.19 per £ million of Group revenue).	Group properties included in this report are all current locations in the UK, Germany, France, Belgium, Spain, South Africa, Luxembourg, Switzerland Malaysia and Hungary.	During Q4 2014 the UK warehouse lighting was replaced with more energy efficient LED devices.												
Emissions as reported above 2.05 per Group employee: (2013: 2.22 per Group employee in 2013).	We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.													
We can report a reduction of 0.7 per cent in emissions against the comparative performance in 2013. This is a positive achievement when considered against the continued expansion of activities of the Group.	Limitations to data collection Less than 5 per cent of emissions were estimated or based on an average energy usage per square foot of space occupied.													
Scope 1/2/3	This data is available for the UK and is reported annually in the Carbon Disclosure Project reports for both Investor and Supply Chain requirements.													
Energy Efficiency Scheme (CRC) (CRC8804716)	The UK continues to fully comply with this scheme, registered as a participant.													
Packaging Waste Regulation	Via the compliance company Paperpak the UK are registered as a distributor of product ensuring full compliance since 2000.													
ISO 14001:2004 (EMS 71255)	The EMS of the UK has been registered to this standard since 2003.													

CO₂ – Source of emissions from across the business (%)



- Datacenter – 55%
- Facilities – 45%

AIR and AFR results for 2014

Average Results for 2014	AIR	AFR
UK	0.59	0.33
Germany	2.02	1.16
France	1.06	0.59

Additional Group health & safety activity in 2014

In the UK, an internet-based training and risk assessment programme was used to deliver targeted training in the area of health & safety. As a result, 2,977 employees completed some form of health & safety training during the period, and we anticipate similar levels of activity in 2015. In addition, 57 Project Managers have gained an IOSH certification so that they can assist in the delivery of health & safety requirements for certain projects undertaken by the business. Further courses will be held in 2015 to increase this number further. In France, an online e-book was

developed and used to train all new employees in environmental, health & safety, and sustainable development requirements of the Group.

Recognition and development

Our people, like our tools and services, are an important asset and a major source of competitive advantage for us. Therefore, we are continually searching for new talent, and for the most effective way to develop our existing employees.

As a recognised 'Investors in People' employer we play an important role in developing our people. Computacenter is committed to providing a working environment that enables it to attract, inspire and retain the right people to work at every level. The Company wants to create a working environment in which all employees can fulfil their potential. We are proud of the fact that our people are at the heart of what we do, and we believe we are



The charitable trek to Machu Picchu in Peru which took place in October 2014. "What an experience! Great country, great colleagues and all for a great cause." David R Patrick, Service Manager

an organisation with a winning culture that embraces continuous development. We are fully committed to investing the time and resource to provide development and talent frameworks which support, engage and motivate our managers and employees. Our employees are able to access a wide range of development tools or job-specific training appropriate to their needs as identified by their manager through the annual performance and development review process.

Equality and diversity

Full and fair consideration is given to opportunities for employment, training, career progression and promotion on the basis of each individual's ability, attitude and track record, irrespective of their gender, ethnic origin, nationality, age, religion, sexual orientation or disability. We recognise the benefits that diverse skills, experience and points of view can bring to the Group and understand that there are times when our employees may need to change their hours and work pattern. We have a Flexible Working Policy because we know that allows us to support our employees, which is beneficial for both the employee and the Group.

Employee engagement, communication and representation

In September 2014, we ran our first Group employee survey, which included approximately 13,400 employees across the organisation. This Group survey, which had previously been carried out separately and included different content for each of our operating geographies, will now be carried out on a bi-annual basis. In 2014, regular elections of new works councils to represent German employees for the next four years took place in all of the Group's German entities.

Engaging with our local community

Amongst other activities, we continue to work with local colleges assisting young people's understanding of how IT can assist any organisation, the services offered by an IT services company and explaining what skills employers look for in those leaving education and looking for their first role.

Charitable giving

In the UK we aim to raise money for our three Charity Partners, as nominated by Computacenter UK employees. During the reporting period, this raised over £145,190 for Prostate Cancer UK, the Alzheimer's Society and the Teenage Cancer Trust. This amount has been matched by the Group. Additionally, a number of charitable events are held throughout the year, which included a team of 15 employees raising over £2,000 each by taking part in a sponsored 10-day trek in Peru.

In France, we have maintained our partnership with Aide et Action to support schooling for children worldwide who are forced to work due to their circumstances. Our German business has also undertaken several charitable events during 2014. These events not only raise money for our chosen charities, but enable our employees to make a contribution towards the communities and societies that supports them.

Anti-bribery and corruption

Following an external assessment of the Group's anti-bribery and corruption procedures in 2013, additional procedures have been implemented across the Group during the course of 2014. An audit of compliance with these updated procedures will take place across the Group during the course of 2015 and 2016.

Our CSR approach for 2015

The Group will continue to base its approach in this area on the UNGC 10 core principles. In line with our Group Operating Model, we will look to harmonise our additional CSR aspirations and targets across the Group.

We will continue to focus on lowering the environmental impact of our business activities, and providing our employees with a supportive environment within which to work. We will continue to contribute appropriately to the communities which provide and support our people, and additionally to external causes chosen by our employees.

The UNGC continues to be an appropriate tool and framework to guide us towards the achievement of our CSR aspirations, and accordingly we will remain committed to it in 2015.

Simon Pereira
Company Secretary
11 March 2015





1. Greg Lock
Non-Executive
Chairman and
Chairman of
the Nomination
Committee

N, R
Board Member Attendance:
8/8

Greg is the Chairman of Kofax plc and a Non-Executive Director of United Business Media. He has more than 45 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 67)

2. Mike Norris
Chief Executive
Officer

Board Member Attendance:
8/8

Mike graduated with a degree in Computer Science and Mathematics from East Anglia University in 1983. He joined Computacenter in 1984 as a salesman in the City office. Following appointments in senior roles, he became Chief Executive in December 1994, with responsibility for all day-to-day activities and reporting channels across Computacenter. Mike also led the Company through flotation on the London Stock Exchange in 1998. Mike was awarded an Honorary Doctorate of Science from Hertfordshire University in 2010. (Age 53)

3. Tony Conophy
Group Finance
Director

Board Member Attendance:
8/8

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 57)

4. Peter Ogden
Non-Executive
Director

Board Member Attendance:
7/8

Peter founded Computacenter with Philip Hulme in 1981 and was Chairman of the Company until 1998, when he became a Non-Executive Director. Prior to founding Computacenter, he was a Managing Director of Morgan Stanley and Co. (Age 67)

**Committee
Membership
Key**
A – Audit Committee
N – Nomination Committee
R – Remuneration Committee



5. Philip Hulme
Non-Executive Director

Board Member Attendance: 8/8

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 was previously a Vice President and Director of the Boston Consulting Group. (Age 66)

6. Regine Stachelhaus
Non-Executive Director

A, N, R
Board Member Attendance: 8/8

Regine is a member of the Board of SPIE Paris. She has been on the Board of Directors at E.ON SE, a major energy company included in the Eurostoxx 50 index, where she had a broad range of operational responsibilities including Legal & Compliance, Group Procurement, Group Human Resources and Group IT. Before that, she worked for several years as Vice President Imaging and Printing Group of HP Germany. (Age 59)

7. John Ormerod
Non-Executive Director and Audit Committee Chairman

A, N, R
Board Member Attendance: 8/8

John is a Non-Executive Director of Constellium NV, 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 66)

8. Minnow Powell
Non-Executive Director

A, N, R
Board Member Attendance: N/A (Joined 1 January 2015)

Minnow is a Non-Executive Director and Chairman of the Audit Committee of SuperGroup Plc and is on the Supervisory Board and Audit Committee of TUI AG. Minnow spent 35 years with Deloitte where he became a Partner in 1985. He is a Chartered Accountant and was a member of the Auditing Practices Board for six years. (Age 60)

9. Brian McBride
Non-Executive Director, Senior Independent Director and Chairman of the Remuneration Committee

A, N, R
Board Member Attendance: 8/8

Brian is the Chairman of ASOS plc. He is a member of the UK Government's Digital Advisory Board, established in April 2012 to help steer the digital delivery of Government services to citizens in the UK. Brian is also a member of the Court (Governing Body) of the University of Glasgow, Senior Advisor at Scottish Equity Partners and a Non-Executive Director of AO World plc. (Age 59)

Corporate Governance report

Letter from the Chairman of the Company



Greg Lock
Non-Executive Chairman

“
At Computacenter,
we are committed to
ensuring high standards
of Corporate Governance
across our business to
enhance the performance
of the Group.”

Dear Shareholder

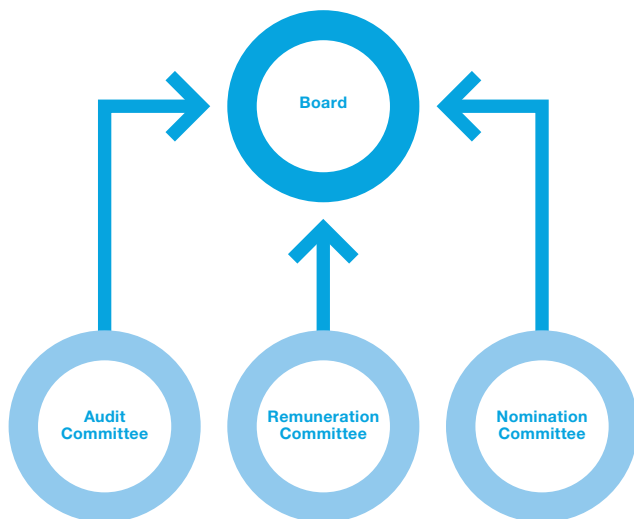
Commitment to Corporate Governance

The Board of Computacenter believes that long-term shareholder value creation is supported by high-quality corporate governance. We are committed to ensuring high standards of corporate governance across our business to enhance the performance of the Group. The Board is therefore committed to the principles of good governance and supports the best practice guidelines contained within the 2012 UK Corporate Governance Code (the ‘Code’). The Code is published by the Financial Reporting Council and can be found at www.frc.gov.uk. The Company is aware of the recently released 2014 Corporate Governance Code (the ‘Revised Code’), and will ensure that it responds in an appropriate manner to the additional requirements of the Revised Code.

This Corporate Governance report outlines and explains the Company’s governance policies and practices, and sets out how the principles of the Code have been applied during the year ended 31 December 2014. I am able to confirm to you that, except where indicated and fully explained within this report, the Company has complied with each of the provisions of the Code throughout the year.

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

Board Committees



Board composition

It is important for me to ensure that the Board has the right composition. This includes having the right balance of skills and experience, maintaining a strong level of independence and objectivity and ensuring that all Directors have a good knowledge of the Group and the context in which it operates. The changes made to the Board since the 2013 financial year-end, and the process undertaken to facilitate those changes, have been described and explained within the Nomination Committee report on page 62. As previously announced by the Company in December 2014, we were very pleased to welcome Minnow Powell onto the Board and each of its Committees, with effect from 1 January 2015. As a former senior audit partner with Deloitte LLP, Minnow brings with him a wealth of corporate reporting and risk management experience, which will be of great value to the Board as it continues to drive the Company's growth through its services-led strategy. In line with the Company's procedure for new Directors, he received a full induction, which included meetings with the Chairman of the Board and its Committees, the CEO and Group Finance Director ('CFO'), the Group Human Resources Director and the Group Head of Commercial Finance, as well as other selected members of Group Management. As also previously announced by the Company, after nine years of valuable service, John Ormerod will step down from his role as a Non-Executive Director and Audit Committee Chairman of the Company with effect from 1 April 2015, following which he will be replaced in that role by Minnow Powell.

Strategy

The Board is collectively responsible for promoting the success of the Group and for implementing the business model set out on pages 14 and 15 of this Annual Report and Accounts. It is essential for the Board to ensure that the Company has the right strategy in place and this has been an area of focus again in 2014. The development of the Group's strategy is now discussed at every Board meeting, with an additional annual session dedicated to receiving strategy-related presentations from Group Executive Management. The Group Head of Strategy and Marketing is a member of the Group Executive Committee and with the Board requesting more focus on strategy and forward planning and less on operational issues, the Board has seen a high quality of both strategic thought and management information during the reporting period.

Board effectiveness

Following the external evaluation of the Board referred to in the Company's 2013 Annual Report and Accounts, the recommendations from that exercise have now been implemented. A further internal evaluation of the Board and its Committees has now taken place for the reporting period, and after careful consideration of its findings, the Board has agreed its priorities for 2015. Further details of the process carried out and the findings of the evaluation can be found on page 50 of this report. After careful consideration of its findings, I am satisfied that the Board is functioning effectively and that its current constitution and range of skills are appropriate to ensure that the long-term interests of the Company and our shareholders are protected.

I also remain satisfied that the members of the Board, in particular the Non-Executive Directors, have sufficient time to undertake their roles at Board and Committee level as currently required by the Company. However, I can assure you that in my role as Chairman of the Board, I will continue to assess both of these judgements to ensure that they remain the case on an ongoing basis. The Senior Independent Non-Executive Director, Brian McBride, has carried out a review of my performance with input from the remaining Non-Executive Directors.

Board committees

As it is entitled to do under the Company's Articles of Association, the Board delegates certain of its responsibilities to Board Committees to enable it to carry out its functions effectively. A diagram of the Board governance structure is set out on page 48.

Board visits

During the year, the Board held meetings at the offices of the Company's two principal overseas subsidiaries, in Kerpen, Germany and Paris, France. During these visits the Board received presentations from senior members of the in-country German and French management teams, with a particular focus on the progress made by both businesses following the relatively recent implementation of Group Operating Model policies and procedures.

Diversity

The Board continues to recognise the benefits that diverse skills, experience and points of view can bring to an organisation, and how it may assist the decision-making ability of the Board, thereby increasing its effectiveness. Whilst the Board continues to recognise and monitor the continuing debate around possible future legislation in this area, appointments to the Board will continue to remain primarily based on merit. As at 31 December 2014, the Computacenter Board had one female Non-Executive Director, Regine Stachelhaus, representing 12.5 per cent of total Board membership.

Shareholder engagement

This Corporate Governance report is intended to give shareholders an understanding of the Company's corporate governance arrangements and how they operated during the 2014 financial year. The Board remains committed to communicating with our shareholders and, where appropriate, submitting its views and considerations for consultation and feedback. Further details regarding this engagement with our shareholders can be found on page 51 of this report.

In accordance with the Code, with the exception of John Ormerod who is standing down from his role as a Non-Executive Director of the Company and Minnow Powell who will be standing for election for the first time following his appointment to the Board in January 2015, all of the Directors will stand for election or re-election at the 2015 Annual General Meeting ('AGM').



Greg Lock
Non-Executive Chairman
11 March 2015

Effectiveness

Board composition and independence

The membership of the Board as at 31 December 2014 is set out on pages 46 and 47, and on that date included six Non-Executive Directors and two Executive Directors. The attendance of the Directors at Board and Committee meetings is additionally set out on pages 58, 62 and 67 of this report. Minnow Powell has been appointed as a Non-Executive Director of the Board with effect from 1 January 2015, and his biography can also be found on page 47.

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

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

Roles and responsibilities of the Board

The Board is responsible for the management and performance of the Group. It plays a key role in discussing, reviewing and approving the strategic objectives of the Group, and through the review of business plans and budgets submitted by the Executive Directors and senior management, is additionally responsible for ensuring that adequate resources are in place to meet these aims. The Board reviews the performance of the Executive Directors and senior management against the targets set for the delivery of these agreed objectives, including a monthly review of the financial performance of each of the Group's in-country units. Additionally, the Board has the powers and duties conferred upon it by the relevant laws of England and Wales and the Computacenter plc Articles of Association. There is also a documented schedule of Matters Reserved for the Board which additionally include, amongst other things, the approval of acquisitions, major capital expenditure and Group strategy and budgets. This schedule was reviewed and updated twice during the course of 2014, and is reviewed on an annual basis as a standing Board agenda item. This schedule can be found on our website at www.computacenter.com/investors.

The Board held eight scheduled meetings during the year to deal with the standing items on its agenda, including reviewing and discussing any information provided to it by senior management. Day-to-day management and operational activities are delegated to a duly authorised Group Executive Committee including, amongst others, the Executive Directors, Group Chief Operating Officer and Group Chief Commercial Officer. Other Board level matters are delegated to each of the Audit, Nomination and Remuneration Committees, details of which can be found at pages 58 to 74. The Terms of Reference for each Committee can be obtained from the Company's website, www.computacenter.com/investors, or from the Company Secretary, upon request. The composition of each Committee as at 31 December 2014 appears on pages 58, 62 and 67 following this report, as do reports from the Chairman of each Committee setting out the main responsibilities of their respective Committee and its main activities during the year.

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

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

Board effectiveness

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

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

Relations with shareholders

A performance review of the Board, its Committees and Directors has been undertaken since the conclusion of the 2013 financial reporting period. As part of this process an interview was conducted with each Director, and the information from each questionnaire and interview was then provided to the Chairman, and further considered and discussed by the Board as a whole. The review indicates that the Board is effectively run and administered, and is functioning well as a cohesive unit. It additionally found that there is appropriate opportunity for all Directors to participate in open and constructive debate, and did not find any major areas of concern or identify any matters which were of particular importance to individual Directors. Members recognised that there had been a significant shift towards focusing on the development of the Group's strategy and away from operational matters.

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

While the Company's Articles of Association require a Director to be subject to election at the first AGM following his or her appointment and thereafter every third year, the Board has decided that, in accordance with the Code, with the exception of Minnow Powell who will be standing for election for the first time, all Directors on the Board as at 19 May 2015, should be subject to re-election at the Company's next AGM to be held on that date. All Directors will then be subject to re-election at each AGM thereafter.

Board support

The Company Secretary is responsible for advising the Board on all corporate governance matters and provides advice to the Chairman of the Board to ensure 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.

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

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

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

The Chairman and the Senior Independent Director are contactable at the Company's registered office to answer any queries that both institutional and individual shareholders may have. All of the Directors aim to attend the AGM and value the opportunity of welcoming individual shareholders and other investors to communicate directly and address their questions. In addition to mandatory information, a full, fair and balanced explanation of the business of all general meetings is sent in advance to shareholders. Resolutions at the Company's general meetings have been passed on a show of hands and proxies for and against each resolution (together with any abstentions) are announced at such meetings, noted in the minutes, available on the Company's website and notified to the market.

Accountability

Risk management

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

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

Further information on the key risks facing the Company and the work of the Group Risk Committee can be found within the 'Our Risk Management Approach' on pages 18 to 21. Through a programme of assessment, appropriate measures and systems of control are maintained and, where necessary, developed and implemented. Detailed business interruption contingency plans are in place for all key sites and these are regularly tested, in accordance with an agreed schedule.

Internal control

The Board has overall responsibility for maintaining and reviewing the Group's systems of internal control and ensuring that the controls are robust and effective in enabling risks to be appropriately assessed and managed. The Group's systems and controls are designed to manage risks, safeguard the Group's assets and ensure the reliability of information used both within the business and for publication. This system of control is designed to reduce to a level consistent with the Board's risk appetite, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board conducts an annual review of the effectiveness of the systems of internal control including financial, operational and compliance controls and risk management systems. It is of the opinion that the Company has complied with the internal control requirements of the Code throughout the year. Where weaknesses or opportunities for improvement are identified, changes are implemented and monitored.

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

Responsibilities and authority structure

The Board has overall responsibility for making strategic decisions and there is a written schedule of Matters Reserved for the Board. The Group Executive Committee meets on a monthly basis to discuss day-to-day operational matters and, with the implementation of the Group Operating Model now having taken place within all of the Group's main operating entities, ultimate authority and responsibility for operational governance sits at Group level.

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.

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.

Planning and reporting processes

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

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

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. The management of liquidity and borrowing facilities for customer specific requirements, ongoing capital expenditure and working capital of the business are all undertaken by the Group treasury function which reports to the 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 Executive Committee.

Compliance policies

The Company has in place a number of compliance policies which are applied, including those relating to Business Ethics and Anti-bribery. Any breach of these policies by an employee is considered a disciplinary matter and is dealt with accordingly. The internal control regime is supported by the operation of a Whistleblowing process, by which employees can report concerns anonymously and in confidence. The Audit Committee has, during the year, reviewed and approved the process by which the Company deals with any Whistleblowing incidents received by it. This process includes an initial review by the Group's General Counsel to establish the terms of any subsequent investigation by the Company into whether relevant laws or company procedures have been breached as a result of Whistleblowing report received.

Internal audit

The Group has an internal audit function which reports to the Chairman of the Audit Committee. The function has direct access to the Chief Executive Officer and the Chairman of the Audit Committee. Its key objectives are to provide independent and objective assurance on risks and controls to the Board, the Audit Committee and senior management, and to assist the Board in meeting its corporate governance and regulatory responsibilities. The Board, acting through the Audit Committee, has directed the work of the Internal Audit department towards those areas of the business that are considered to be of the highest risk. The Audit Committee approves a rolling audit programme, ensuring that all significant areas of the business are independently reviewed over, approximately, a three-year period. The programme and the findings of the reviews are continually assessed to ensure that they take account of the latest information and in particular, the results of the annual review of internal control and any shifts in the focus areas of the various businesses. The effectiveness of the Internal Audit department and the Group's risk management programme are reviewed annually by the Audit Committee. The role of the internal audit function and the scope of its work continue to evolve, and will be formally reviewed in the 2015 financial reporting period, with any resultant changes being reported to shareholders in the Company's 2015 Annual Report and Accounts.

Annual General Meeting

The AGM of the Company will be held on 19 May 2015 at Computacenter House, 93-101 Blackfriars Road, SE1 8HL. The AGM notice of meeting sets out each of the resolutions being proposed. This notice will shortly be available for download from www.computacenter.com, and has been mailed to shareholders if they have elected to receive hard copies.

Compliance with DTR

The information that is required by DTR 7.2.6, relating to the share capital of the Company, can be found within the Directors' report from page 54.

By order of the Board



Simon Pereira
Company Secretary
11 March 2015

Directors' report

Computacenter plc is incorporated as a public limited company and is registered in England with the company number 3110569. Computacenter plc's registered office address is Hatfield Avenue, Hatfield, Hertfordshire, AL10 9TW. The Company's registrars are Equiniti Limited who are situated at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

The Directors present the Directors' report, together with the audited accounts for the year of Computacenter plc and its subsidiary companies ('the Group') for the year ended 31 December 2014. Pages 1 to 74, inclusive, of this Annual Report are incorporated by reference into the Directors' report that has been drawn up and presented in accordance with English company law, and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the Annual Report and Accounts, where applicable, under LR 9.8.4, is set out in this Directors' report, with the exception of transactions with controlling shareholders and related parties, which is set out on page 116 (note 31 to the financial statements).

Strategic report

The Companies Act 2006 requires the Group to prepare a Strategic report, which commences at the start of this Annual Report and Accounts from pages 1 to 45. The Strategic report includes information about the Group's operations and business model, financial performance throughout the year and likely developments, key performance indicators, principal risks and information regarding the Group's sustainable development plan.

Corporate governance

Under Disclosure and Transparency Rule 7.2, the Company is required to include a Corporate Governance report within the Directors' report. Information on our corporate governance practices can be found in the Corporate Governance report on pages 48 to 51, and the reports of the Audit, Remuneration and Nomination Committees on pages 58 to 72, which are incorporated into the Directors' report by reference, as explained previously in this Directors' report.

Management report

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

Results and dividends

The Group's activities resulted in a profit before tax of £76.4 million (2013: £50.5 million). The Group profit for the year, attributable to shareholders, amounted to £55.1 million (2013: £33.2 million). The Directors recommend a final dividend of 13.2 pence per share totalling £15.7 million (2013: £16.7 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 2014 accounts, as described in note 11, is made up of last year's final dividend (12.3 pence per share) and the interim dividend (5.9 pence per share).

The final ordinary dividend for 2014, if approved at the forthcoming AGM, will be paid on 19 June 2015. The dividend record date is set on Friday 22 May 2015 and the shares will be marked ex-dividend on Thursday 21 May 2015. The Company paid an interim dividend of £8.9 million in October 2014.

Articles of Association

The Company's Articles of Association set out the procedures for governing the Company. A copy of the Articles of Association, which were not amended during the reporting period, is available on the Company's website (www.computacenter.com/investors). The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

Directors and Directors' authority

The Directors who served throughout the year ended 31 December 2014 were Tony Conophy, Philip Hulme, Greg Lock, Brian McBride, Mike Norris, John Ormerod, Peter Ogden and Regine Stachelhaus. Additionally, Minnow Powell was appointed to the Board as a Non-Executive Director effective as of 1 January 2015. Biographical details of each Director, as at 31 December 2014, are given on pages 46 and 47. The Company's Articles of Association require at each AGM that those Directors who were appointed since the last AGM retire, as well as one-third of the Directors who have been the longest serving. The Board has decided, in accordance with the Code, that all Directors, with the exception of Minnow Powell, will retire at each forthcoming AGM and offer themselves for re-election. The Nomination Committee has considered the re-election of each Director and recommends their re-election. Further details on the Committee's recommendations for the re-election of the Directors are set out in the Notice of AGM, as is the brief Curriculum Vitae of each Director, which collectively illustrate the skills and experience that the Directors bring to the Board. At the 2015 AGM, Minnow Powell will offer himself for election to the Board for the first time following his appointment in January 2015.

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 2015 AGM. This authority allows the Directors to allot shares up to the maximum amount stated in the Notice of AGM (approximately one-third of the issued share capital) and this authority would generally expire at the following AGM. In addition, the Company may not allot shares for cash (unless pursuant to an employee share scheme) without first making an offer to existing shareholders in proportion to their existing holdings. This is known as rights of pre-emption. A resolution to allow a limited waiver of these rights was passed by the members at last year's AGM. It is proposed at the forthcoming AGM that a similar waiver should be granted, which will represent approximately five per cent of the issued share capital. Full details of the proposed waiver are in the Notice of AGM. The current waiver expires at the conclusion of the 2015 AGM.

Directors' indemnities

The Company has executed deeds of indemnity with each of the Directors. These deeds contain qualifying third party indemnity provisions, indemnifying 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 interest

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 (that served the Company during the 2014 financial reporting period) in the share capital of the Company at the beginning and end of the year are set out below:

	As at 31 December 2014		As at 1 January 2014 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
Executive Directors				
Mike Norris	1,288,939	–	1,288,939	–
Tony Conophy	2,025,177	–	2,025,177	–
Non-Executive Directors				
Greg Lock	400,000	25,885	400,000	25,885
Philip Hulme	12,996,593	10,741,526	13,846,593	9,891,526
Brian McBride	–	–	–	–
Peter Ogden	31,802,071	881,249	31,802,071	881,249
John Ormerod	22,500	–	22,500	–
Regine Stachelhaus	–	–	–	–

Between 31 December 2014 and 11 March 2015, no Director has been granted, or traded in, shares of the Company. However, as previously announced by the Company on 20 February 2015, a share consolidation of 15 new ordinary shares for 17 existing ordinary shares took place, and so the shareholdings detailed in the table above have also been subject to this share consolidation. Save as disclosed in this report and the Remuneration Committee report, no Director has any interest (beneficial or non-beneficial) in any share or loan capital of the Company or any of its subsidiaries.

Major interests in shares

As at 27 February 2015, the Company was aware of the following major interests in its shares:

Name of Major Shareholder	% of issued share capital held
Jethou Holding Company Limited (beneficially owned by Sir Peter Ogden)	16.35
Philip Hulme	9.35
Sir Peter Ogden	6.47
Standard Life Investments Limited	7.21
Artemis Investment Management Limited	6.44
Investec Asset Management Ltd	5.75
Schroder Investment Management Ltd	5.24
The Hadley Trust (of which Philip Hulme, Non-Executive Director, is a trustee but not a beneficiary)	5.14

Capital structure

As at 28 February 2015, there were 122,657,970 fully paid ordinary shares of 7⁵/₉ pence each in issue, all of which have full voting rights and are not subject to restrictions on transfer other than in respect of:

- certain restrictions which may from time to time be imposed by laws or regulations such as those related to insider dealing; and
- the Company's Share Dealing Code, whereby the Directors and designated employees require approval to deal in the Company's shares.

Additionally, there were 292,944,196 deferred shares in issue. Pursuant to the Company's share schemes, there are two employee trusts which, as at the year-end and prior to the share capital consolidation on 19 February 2015, held a total of 2,866,500 ordinary shares of 6²/₃ pence each, representing approximately 2.06 per cent of the issued share capital at that time. The rights attaching to each of the Company's ordinary shares and deferred shares are set out in its Articles of Association, which were last amended by the Company on 19 February 2015.

During the year, these trusts purchased a total of 365,102 shares in order to ensure that the maturities occurring pursuant to these share option schemes could be satisfied. In the event that shares are held by these Trusts before being transferred to employee participants pursuant to the schemes then, in line with good practice, the Trustees do not exercise the voting rights attaching to such shares. The Trustees also have a dividend waiver in place in respect of shares which are the beneficial property of each of the Trusts.

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 existing options for options of an equivalent value over shares in the acquiring company. Alternatively, the options may vest early, in which case, early vesting under the executive schemes will generally be on a time-apportioned basis and under the Sharesave scheme, employees will only be able to exercise their options to the extent that their accumulated savings allow at that time. The Company was granted authority at its Extraordinary General Meeting on 19 February 2015, to make market purchases of up to 12,265,797 ordinary shares of 7⁵/₈ pence each. This authority will expire at the 2015 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 Group Finance Director's review on pages 37 to 41. These facility agreements each include a change of control provision, which may result in the facility being withdrawn or amended upon a change of control of the Group. It is also not extraordinary within our business sector for our longer-term services contracts to contain change of control clauses that allow a counterparty to terminate the relevant contract in the event of a change of control of the Company.

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Group Finance Director's review on pages 37 to 41.

Employee share schemes

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

At the year-end, the options remaining outstanding under these schemes were in respect of a total of 330,000 ordinary shares of 6²/₈ pence each (2013: 592,000 shares). During the year options over 262,000 shares were exercised and options over nil shares lapsed. The Company also operates a Performance Share Plan ('PSP') to incentivise employees. During the year, 777,970 ordinary shares of 6²/₈ pence each were conditionally awarded (2013: 1,049,579 shares). At the year-end, awards over 2,673,423 shares remained outstanding under this scheme (2013: 3,066,742 shares). During the year, awards over 87,897 shares were transferred to participants and awards over 863,041 shares lapsed. In addition, the Company operates a Sharesave scheme for the benefit of employees. At the year-end, 4,025,176 options granted under the Sharesave scheme remained outstanding (2013: 3,292,614).

Corporate sustainable responsibility

The Board recognises that acting in a socially responsible way benefits the community, our customers, shareholders, the environment and employees alike. Further information can be found in the report on pages 42 to 45 and covers matters regarding health & safety, the environment, equal opportunities, employee involvement, employee development and charitable donations. During the year, the Group did not make any political donations to any political party or organisation and it did not incur any political expenditure within the meaning of Sections 362 to 379 of the Companies Act 2006.

Equal opportunities

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

The Group monitors and regularly reviews its policies and practices to ensure that it meets current legislative requirements, as well as its own internal standards. The Group is committed to making full use of the talents and resources of all its employees and to provide a healthy environment that encourages productive and mutually respectful working relationships within the organisation. Policies dealing with equal opportunities are in place in all parts of the Group, which take account of the Group's overall commitment and also address local regulatory requirements.

Gender split across the Group (as at 31 December 2014)

	Male	Female
Number of persons who are senior managers	65	12
Number of employees	10,216	3,104
Number of Directors (of the Company)	7	1

Employee involvement and development

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

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

Employee consultative forums exist in each country to consult staff on major issues affecting employment and matters of policy, and to enable management to seek the views and opinions of employees on a wide range of business matters. Should there be cross-jurisdictional issues to discuss, a facility exists to engage a European forum made up of representatives from each country forum. The Group regularly reviews the performance of its employees through a formal review process, in order to identify areas for development. Managers are responsible for setting and reviewing personal objectives, aligned to corporate and functional goals. The Board closely oversees and monitors management skills and the development of talent to meet the current and future needs of the Group. The Board directly monitors and reviews closely, succession and plans for developing identified key senior managers.

Business ethics

An ethics policy is operated by each company within the Group, which commits its 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.

Going concern

Computacenter's business activities, business model, its strategic goals and its performance are set out within the Strategic report on pages 1 to 45. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out within the Group Finance Director's review on pages 37 to 41. In addition, notes 24 and 25 to the financial statements include Computacenter's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit and liquidity risk. Computacenter's balance sheet strength, its long-term contracts with customers and suppliers, as well as the different geographies within which it operates, provide the Directors with confidence that Computacenter is well placed to manage its business risks even during a prolonged period of economic uncertainty.

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

Auditor

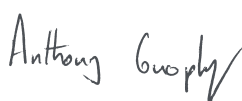
Following an audit tender process carried out by the Company in 2014, Ernst & Young LLP will step down from its role as auditor with effect from the 2015 AGM. A resolution to appoint KPMG LLP as the auditor of the Company will be proposed at the forthcoming AGM.

Relationship agreement with controlling shareholders

Any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30 per cent or more of the votes able to be cast on all or substantially all matters at general meetings are known as 'controlling shareholders'. The Financial Conduct Authority's Listing Rules now require companies with controlling shareholders to enter into a written and legally binding agreement (a 'Relationship Agreement') which is intended to ensure that the controlling shareholder complies with certain 'independence related' provisions. The Company confirms that it has undertaken a thorough process during the reporting period to review whether it has any 'controlling shareholders' which included the procurement of external legal advice. Following this process, it was determined that there was no requirement on the Company to enter into a Relationship Agreement with any of its shareholders. The Company confirms that this remains the case as at 31 December 2014, but will keep the matter under ongoing review.



Mike Norris
Chief Executive Officer
11 March 2015



Tony Conophy
Group Finance Director
11 March 2015

Audit Committee report



John Ormerod
Audit Committee Chairman

Member	Role	Attendance record
1. John Ormerod (Chairman)	Non-Executive Director	6/6
2. Brian McBride	Non-Executive Director	6/6
3. Regine Stachelhaus	Non-Executive Director	5/6

Dear Shareholder

I am pleased to present the report of the Audit Committee for the financial year ended 31 December 2014, as set out from pages 58 to 61.

During 2014, the Committee has continued to focus on overseeing the integrity of financial information published by the Company. We have done this through engagement with our auditors Ernst & Young LLP, reviewing their planning and scope of work and reviewing their findings and conclusions. We have also challenged Management's judgements over key accounting issues and reviewed the fairness of presentation of financial information.

The Committee also continues to support the Board in discharging its responsibilities for the Group's systems of Internal Control and Risk Management. This year our operations in France have been challenged by poor operational performance, uncertainties around restructuring and the transfer of certain back-office finance functions to the Group's new Shared Services Centre in Budapest, Hungary. We have received reports from Management and Internal Audit on the issues and plans for improvement. The level of outstanding French receivables has been a particular area of focus for the Committee.

During the year, the Committee also led a formal process to tender the statutory audit for the Group, following which it recommended to the Board that KPMG LLP be appointed in this role with effect from the Company's 2015 Annual General Meeting, subject to approval by shareholders.

I will step down from my role as Chairman of the Committee with effect from 1 April 2015, to be succeeded by Minnow Powell. Minnow joined the Board and the Audit Committee at the beginning of the year, and we have been working closely together to achieve a smooth transfer of responsibilities.

We continually seek to improve communication with shareholders in respect of the work of the Committee, and we welcome feedback on our work and this report.

John Ormerod
Chairman of the Audit Committee
11 March 2015

Responsibilities of the Audit Committee

The key responsibilities of the Audit Committee include the review of financial information released by the Group. The Committee is required to review, challenge, and report to the Board on the appropriateness of the Group's accounting policies and the key judgements made in the preparation of financial information, and to assist the Board in ensuring the integrity of its financial statements. It also supports the Board in its role of overseeing the Group's Risk Management processes and maintaining a strong Group internal control environment. The full responsibilities of the Committee can be found within its Terms of Reference on our website, at www.computacenter.com/investors.

Committee membership, meetings and performance

All members of the Audit Committee are Independent Non-Executive Directors of the Company, and are considered by the Board to have a wide range of business and financial experience to enable the Committee to perform effectively. The Board considers the Chairman of the Audit Committee to have recent and relevant financial experience for the purposes of the Code. The Committee met six times during the course of 2014. Meetings are attended by members and, at the Committee's invitation, the Chairman of the Board, Chief Executive Officer, Group Finance Director, Group Head of Internal Audit and Risk and representatives of the external auditor. Others are invited to the Committee's meetings to participate in topics relevant to their responsibilities or experience. The Committee also meets privately, at least on an annual basis, with the external auditor and the Group Head of Internal Audit and Risk. The Chairman of the Committee has regular informal discussions with the Group Finance Director, Group Head of Internal Audit and Risk and our external auditor. He also receives the reports of the Internal Audit department as they are issued, and additionally receives feedback on the preparation and audit of accounts as that work progresses and as any significant judgements arise.

Main activities and significant areas considered

The Committee reviewed the key areas of judgement made in the preparation of the Group's financial information in 2014, and these included the following:

Contract accounting and revenue recognition

The Committee considered the Group's revenue recognition and contract accounting policies to ensure that they remained appropriate and that the Group's internal controls were operating effectively in this area. The Company has several large complex contracts which require judgements to be made by Management, in particular around the recognition of revenue accruing from separate component parts of these contracts. In 2014, the Committee particularly focused on the accounting treatments for a major contract which terminates early in 2015, where there are transfers of staff and other arrangements to be recognised on termination. Following a review of reports and presentations, including from Management and the external auditor, the Committee has concluded that judgements by Management were reasonable and the accounting treatment appropriate.

Supplier discounts and rebates

The Committee also reviewed the process by which the Company recognised supplier rebates, which principally related to the achievement of sales volume targets by the Company or in connection with specific contract bids. Following this review, the Committee was satisfied that the process implemented by the Company was both reasonable and in line with accounting standards.

Exceptional items and estimation of provisions

The Committee considered both the nature and quantum of those items disclosed as exceptional in the Company's 2014 Accounts. The principal item recognised related to reorganisation costs incurred within the Group's French business. The Committee reviewed the nature and estimates of these costs with Management and received input from the external auditors to confirm that such accounting treatment is consistent with accounting standards, and additionally that the estimates made were reasonable. The Committee concluded that the classification of the item as exceptional was also in line with the Group's accounting policy, and was appropriately disclosed in the Group's 2014 accounts.

Following the identification, in 2013, of three of the Group's long-term service contracts as likely to be loss-making, the Company recorded a provision of £10.7 million for projected losses on these three contracts over the remainder of their lifetimes. During 2014, the Committee has continued to monitor the progress of these contracts and the utilisation of the provision. As a result of improved performance, Management was able to reassess the projected outturn on these contracts. As they have progressed, and material uncertainties around levels of resource required to sustain improved performance were resolved, it was proposed that £1.5 million of the provision taken be released as an exceptional item in the Company's 2014 Accounts. The Committee reviewed the judgements made by Management in this area, and agreed that the proposed quantum of release was appropriate.

Impairment

As a result of the ongoing poor financial performance by the Group's French business during 2014, the Committee considered whether any further impairment of the non-current assets in the French business was required, in addition to the charge taken in 2013. In this case, the judgements in relation to asset impairment are based predominantly on assumptions relating to the future performance of the French business. The Committee reviewed with Management the key assumptions concerning future performance of the French business and the cost of capital, and reviewed sensitivity analysis on the impact of changes in key variables. Following this process, and having received additional input from the external auditor, the Committee agreed with the recommendation of Management that no further impairment was currently required to the remaining non-current assets within the French business.

Going concern

The application of the going concern basis remains a focus of the Committee. Whilst the Group remains highly-cash generative, the application of this basis at the end of the year was discussed by the Committee in the context of the recent sale of the Company's operating subsidiary, R.D. Trading Limited, and the subsequent proposal for the return of £100 million to shareholders. The review by the Committee of information prepared by Management supported the Board's decision to seek a three-year extension to the existing committed borrowing facility, effective from the date of announcement of the cash return by the Company, to provide significant financial headroom to meet unexpected cash requirements. The end of year financial projections were updated to provide the sale of R.D. Trading Limited and the return of cash transaction, and underpinned the view of the Committee that the 2014 financial statements were appropriately prepared on a going concern basis.

Deferred tax assets

The Company continues to recognise certain deferred tax assets, resulting from the recognition of accumulated losses within its German subsidiaries. The level of deferred tax asset recognition in relation to accumulated tax losses is underpinned by a range of judgements, and is substantially based on the future forecasted profitability of these entities. The Committee has therefore challenged the appropriateness of judgements applied in order to estimate the asset to be recognised in relation to deferred tax positions and agreed with Management's judgements.

Outstanding levels of French receivables and transition to Group shared services centre

The Group's French business continues to have a material level of overdue receivables against which an increased level of provision was recognised in 2014. The Committee requested that both Management, and subsequently the external auditor, carry out a detailed review of the receivables and their likely recoverability. The Committee reviewed the results of this work and agreed that the level of provision recommended by Management was appropriate.

As well as considering the financial reporting issues relating to the overdue French debtors, the Committee has monitored Management's French receivables recovery plan throughout the reporting period. A key part of this plan has been the establishment of a shared services accounting centre in Hungary ('SSC'), which has progressively assumed responsibility for processing the Group's accounting transactions. The Committee received reports from the Group Internal Audit Department on the transfer of the French Accounts Payable and Receivables functions to the SSC. The Committee continues to monitor recent transfers of financial support activity from the Group's UK and German businesses.

Whistleblowing

Each Group entity has a Whistleblowing policy that enables staff, in confidence, to raise concerns about possible improprieties in financial and other matters. The Audit Committee receives an update from the Group Head of Internal Audit and Risk at each meeting on Whistleblowing and during the year has reviewed and approved the process by which the Company deals with any Whistleblowing incidents received by it. This process includes an initial review by the Group's General Counsel to establish, if required, the terms of any subsequent investigation by the Company into whether relevant laws or Company procedures have been breached as a result of a Whistleblowing report received.

Annual report – fair, balanced and understandable statement

At the request of the Board, the Committee assisted with oversight of the procedures performed to provide the formal assurance now required from the Board that the Annual Report and Accounts is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Group's procedures include clear guidance issued to all contributors to ensure a consistent approach and a formal review process at all levels to ensure that the Annual Report is factually correct and includes all relevant information. The Committee advised the Board that appropriate procedures had been applied.

Internal audit and controls

The Board accepts and acknowledges its overall responsibility for the Group's systems of Internal Control and Risk Management. On behalf of the Board, during the year, the Committee monitored the Group's risk management and reviewed the effectiveness of its internal control procedures. A number of detailed areas for improvement are routinely identified and actions implemented as a result of the review of internal controls by Management and the internal audit function. A particular area of focus for the Committee in 2014 has been the Group's operations in France where performance has been poor and significant changes in people and processes have followed the implementation of the Social Plan and transfer of processes to the SSC. This has had an adverse effect on the control environment which has been particularly evident in respect of financial controls over debtors. The Committee continues to monitor implementation of agreed improvements.

Risk management

As disclosed in the 'Our Risk Management Approach' section on pages 18 to 21 of this report, the Group Risk Committee ('GRC') meets on a quarterly basis to review the key risks facing the business. These are identified and assessed as to their likelihood and impact within the Group's 'Heat Risk Map', and are then reviewed in conjunction with accompanying risk mitigation plans. The Board reviews the Group's key risks and sets the Group's risk appetite. To assist the Board, the Committee monitors the risk management processes receiving detailed presentations from Management relating to certain key risks and reports from internal audit.

Effectiveness of Internal Audit

The Committee continues to oversee the internal audit function. The Committee received an update from the Group Head of Internal Audit and Risk at each meeting during the year on current audit activities, and any associated issues resulting from the completion of such work. The Chairman of the Committee additionally meets with the Group Head of Internal Audit and Risk on a number of occasions throughout the year, through which he is continually updated on the activities of the internal audit function, and receives a frequent assessment as to whether the function is adequately resourced. The annual internal audit plan is approved by the Audit Committee and kept under review to reflect the changing needs of the business and to ensure that new and emerging business risks are appropriately considered within it. A core function of the Group Internal Audit Department relates to reviewing and providing assurance to the Committee regarding the effectiveness of governance controls, and bid management and execution. As the nature of Services work undertaken by the Company continues to mature and evolve, the role of the function will be formally reviewed during the 2015 financial year.

Other activity

The Committee reviewed its own terms of reference, the internal audit charter, and received a report from an independent consulting organisation on the Company's Anti-bribery and Corruption Policies and Procedures. Although there were matters, processes and records that can be improved, the existing processes and controls were confirmed as fit for purpose, given the risk profile of the Company in this area. Management is implementing the recommendations made during the year, and a review of the effectiveness of implementation will take place during the 2015 financial year.

External audit

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

Appointment of external auditor following tender process

During 2014, the Committee led a tender process for the statutory audit appointment for the Group. Prior to launching the tender, the Committee contacted a number of major shareholders to invite their input, albeit there was only a limited but constructive response. Following a process in which the Committee received a written submission and presentation from the participants, the Committee recommended that KPMG LLP be appointed as the new auditor of the Company for approval by shareholders at, and with effect from, the Company's 2015 Annual General Meeting.

Ernst & Young LLP ('EY') will retire at the Company's 2015 Annual General Meeting. EY has fulfilled this role since the Company's flotation on the London Stock Exchange in 1998. The Committee is grateful for their advice and support over many years.

Effectiveness of the external audit process

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

- Reviewing the audit plan and monitoring changes in response to new issues or changing circumstances;
- Receiving reports on the results of the audit work performed;
- A post-audit review; and
- Considering the report of the Financial Reporting Council's Audit Quality Review Team on EY. Any response provided by EY is reviewed by the Committee.

The Committee receives and reviews the annual audit plan from EY identifying the key risks to the business which will be subject to their audit process. In 2014, these risks included contract accounting and revenue recognition, presentation of exceptional items, impairment and the going concern basis of accounting, due to the inherent management judgements required in, or as a result of, these issues. At this planning stage, the Committee agrees with the auditors their assessment of materiality and overall scope of work and approves the audit fee arrangements. The Committee additionally assesses the quality of the audit process through the audit reporting from EY in relation to such issues.

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

Auditor independence

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

In support of maintaining the auditor's independence, the Committee has established a policy in relation to the scope and extent of provision of non-audit services by the Group's auditors which is summarised on this page. During the year, the Committee monitored compliance with this policy by approving the audit fee and monitoring the level of non-audit work provided by the external auditor, resulting in non-audit fees being 19.2 per cent of the EY overall audit fee during 2014. This related primarily to additional tax, compliance and consulting work done during the year. The Committee deemed it appropriate to use the Company's auditors for this work due to their existing and detailed prior knowledge and understanding of the business.

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

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

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

Nomination Committee report



Greg Lock
Nomination Committee Chairman

Member	Role	Attendance record
1. Greg Lock (Chairman)	Non-Executive Chairman of the Board	3/3
2. John Ormerod	Non-Executive Director	3/3
3. Brian McBride	Senior Independent Non-Executive Director	3/3
4. Regine Stachelhaus	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 of the Board.
- Reviewing whether to recommend a Director for re-election at the AGM.
- Reviewing the time commitment required of Non-Executive Directors.
- Determining whether the Board's composition remains appropriate, with particular regard to its size, balance of skills, knowledge, experience and diversity and whether these enable it to discharge its duties and responsibilities effectively.
- Succession planning of the Board, and the induction, training and development of the Directors.
- Identifying and nominating Board candidates to fill any Board candidacy, and ensuring that there is a formal, thorough and transparent procedure in place for the appointment of any new Directors to the Board.
- Reviewing the membership of its Committees.

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

Membership and attendance

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

The Company Secretary is the secretary to the Committee.

Main activities of the Committee during 2014

The Nomination Committee met on three occasions during 2014 and its work included the following:

- Undertaking the process of identifying and nominating an additional Board member, following which Minnow Powell was appointed to the Board with effect from 1 January 2015. The Committee engaged the executive search and recruitment firm Russell Reynolds for this process which, aside from this type of engagement, has no other connection with the Company.
- Reviewing the performance of the Directors who stood for re-election at the 2014 AGM and recommending their re-election.
- 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.

It should be noted that, whilst Minnow Powell was not a member of the Nomination Committee during the reporting period, he has been appointed as a member of each Committee of the Board with effect from 1 January 2015, and as explained within the Corporate Governance Report on page 49, he will become Chairman of the Company's Audit Committee with effect from 1 April 2015.

Greg Lock
Chairman of the Nomination Committee
11 March 2015

Annual statement from the Chairman of the Remuneration Committee



Brian McBride
Remuneration Committee Chairman

Key information

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Dear Shareholder,

I am pleased to present our Remuneration Committee report for the financial year ended 31 December 2014. The report is split into two sections. The Directors' Remuneration Policy table, which includes a summary of the policy approved by shareholders at the Company's Annual General Meeting in 2014, can be found at pages 64 to 66. As there are no proposed changes to this Directors' Remuneration Policy, this will not be subject to a shareholder vote at the Company's 2015 Annual General Meeting, but has been included so that shareholders can reference this easily alongside the Annual Report on Remuneration, which has been included at pages 67 to 74 of this report. The Annual Report on Remuneration discloses how the Group's applicable remuneration policy has been implemented in 2014, and includes information concerning the amount paid to the Executive and Non-Executive Directors. In addition to this Annual Statement, it will be subject to an advisory vote of shareholders at the forthcoming 2015 AGM.

Aligning remuneration with financial performance and delivery of the Company's strategy.

During the financial reporting period, the Committee has sought to ensure that the amount paid to Computacenter's Executive Directors is clearly linked with their performance and, most importantly, to the value that they have delivered to our shareholders during that time. Remuneration is weighted towards variable pay, and this is dependent on financial performance. The Committee has additionally sought to increase the link between the remuneration of the Executive Directors and the successful delivery of the Company's strategy. Further detail of this can be found on pages 68 to 74 of this report.

Group performance for the year

Our performance is explained in more detail within the Strategic report on pages 1 to 45. In general, 2014 was a year of good financial performance for the Group, which performed slightly above external market expectations. Overall turnover and adjusted profitability increased, underpinned by another very strong performance by the Group's UK business. As can be seen from Our Key Performance Indicators on pages 22 and 23, the Group also made progress against its strategic objectives. The levels of variable remuneration paid out to the Executive Directors for the 2014 financial year reflect this, but also a recognition from the Board that the performance of the Group's French business was poor, and the Group's performance in Germany was slightly disappointing, albeit that this improved throughout the course of the year and finished on an upward trend.

Remuneration outcomes for 2014

The basic salaries of the Executive Directors were not increased at the beginning of the reporting period, and will remain at their current level during the course of 2015.

For the financial reporting period, 69.39 per cent of total potential bonus was paid out to the Chief Executive Officer ('CEO'), whilst the Group's Finance Director ('CFO') received 69.86 per cent of his total potential bonus for the year.

35.34 per cent of the Performance Share Plan ('PSP') awards granted in March 2012, which are due to vest in March 2015, will be paid out for the Executive Directors or the top levels of senior management in the Group as relevant financial conditions have been partially met. You can find more detail on these outcomes at pages 69 and 70 of this report.

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

Remuneration for 2015

Further detail on how our Directors' Remuneration Policy will be applied in practice for the 2015 financial year is set out from pages 73 and 74 of this report. The Remuneration Committee has decided to increase the 2015 bonus opportunity for the Executive Directors on a one-off basis, following the divestment of RDC. These payments are within the limits set out in the Directors' Remuneration Policy, and are payable contingent on shareholder value being secured through the successful implementation of the Operating Agreement entered into between Computacenter and RDC (under its new ownership), and the overall performance of the Group in 2015. Further details are on page 73.

Shareholder views

During the year, I provided the Committee with general feedback from our major shareholders in respect of executive remuneration, particularly as a result of the consultation we carried out in respect of the performance conditions attaching to the Performance Share Plan for the Executive Directors and Senior Management, as is outlined in more detail on page 74.

Where we have engaged with shareholders, we are grateful for the feedback that we have received. We hope to receive your support at our AGM in May 2015.

Brian McBride
Chairman of the Remuneration Committee
11 March 2015

Computacenter's Remuneration Policy Table

The table included below sets out the main components of Computacenter's Directors' Remuneration Policy, which was approved at the Company's 2014 Annual General Meeting, and has been in effect since that time. Prior to that date in the financial reporting period, the Company's prior remuneration policy was applied.

Policy Table

Purpose and link to strategy	Operation	Performance Targets
Fixed pay		
Base Salary		
Supports the recruitment and retention of executives of the calibre required to deliver the Group's strategy.	<p>Will reflect an individual's responsibilities, performance, skills and experience.</p> <p>Reviewed annually on 1 January taking into account the level of pay settlements across the Group, the performance of the business and general market conditions.</p> <p>Salary levels at other organisations of a similar size, complexity and business orientation will be reviewed for guidance.</p> <p>An exceptional review may take place to reflect a change in the scale or scope of a Director's role, for example: a major acquisition.</p> <p>Salary levels for the current Executive Directors for the 2015 financial year are:</p> <p>Chief Executive Officer: £500,000</p> <p>Group Finance Director: £325,000</p>	n/a
Benefits		
To provide a competitive level of employment benefits.	<p>No special arrangements are generally made for Executive Directors.</p> <p>Benefits currently include a car benefit appropriate for the role performed, participation in the Company's private health and long-term sickness schemes, life insurance and income continuance schemes, and participation in all-employee share plans on the same basis as other eligible employees.</p> <p>All of the Group's UK and German tax-resident employees are eligible to participate in the Company's SAYE scheme.</p> <p>If new benefits are introduced for a wider employee group, the Executive Directors shall be entitled to participate.</p> <p>If, in the opinion of the Committee, a Director must relocate to undertake and properly fulfil his/her executive duties, a one-off cash payment may be made to cover reasonable expenses.</p> <p>While there is no maximum amount as the cost of benefits is dependent upon costs in the relevant market, benefits will be set at levels which are competitive, but not excessive.</p>	n/a
Pension		
To provide an income for retirement.	<p>No special arrangements are made for Executive Directors. They are entitled to become members of the Group's defined contribution pension scheme, which is open to all UK employees.</p> <p>If the Executive Director so chooses, he/she may take the pension contribution as a cash alternative, which will be the same percentage of salary as the pension contribution foregone.</p> <p>Pension contributions or allowances will not exceed 15 per cent of base salary.</p>	n/a

Purpose and link to strategy	Operation	Performance Targets
Performance Related Pay		
Annual Bonus		
<p>To incentivise the delivery of annual, short-term, stretching financial and non-financial objectives.</p> <p>To align pay costs to affordability and the value delivered to shareholders.</p>	<p>The total sum due is paid in cash after completion of the relevant performance period.</p> <p>The maximum annual bonus achievement will be 200 per cent of Base Salary.</p> <p>The Committee has discretion to vary bonus payments downwards or upwards if it considers the outcome would not be a fair and complete reflection of the performance achieved by the Group and/or the Executive Director. To the extent that this discretion is exercised, this will be disclosed in the relevant Remuneration Committee report and may be the subject of shareholder consultation if deemed appropriate.</p>	<p>Financial measures will normally be used to calculate at least a majority of bonus achievement and the remainder of annual bonus will normally be attributed to non-financial measures.</p> <p>Financial measures will normally include profitability, cost management, cash management and other appropriate measures. Non-financial targets will be stretching targets set by the Committee.</p> <p>Targets are reviewed and approved annually by the Committee to ensure that they are stretching and adequately reflect the strategic aims of the Group.</p>
Performance Share Plan		
<p>To align the interests of Executive Directors and shareholders.</p> <p>To incentivise the achievement of longer-term profitability and returns to shareholders, and growth of earnings in a stable and sustainable manner.</p>	<p>An annual grant of shares, or options to acquire shares, will be made subject to performance criteria. Awards normally vest after a three-year period.</p> <p>The current maximum face value of annual awards granted in 2015 is 200 per cent of salary for the CEO and 175 per cent of salary for the CFO.</p> <p>Details of the performance conditions applied to awards granted in the year under review and to be granted in the forthcoming year are set out on pages 69 and 74.</p> <p>The Committee will review performance criteria in line with business priorities to ensure they are challenging and fair.</p> <p>The maximum opportunity contained within the plan rules is:</p> <p>Ordinarily 200 per cent of annual Base Salary or 400 per cent of annual Base Salary in exceptional circumstances.</p> <p>The Committee has discretion to vary the percentage of awards vesting downwards or upwards if it considers that the outcome would otherwise not be a fair and complete reflection of performance over the plan cycle.</p>	<p>Earnings per share is the primary measure for our Performance Share Plans, and the Committee may exercise its discretion to introduce additional or alternative measures.</p> <p>In the event of serious misconduct of an Executive Director, or the misstatement of financial results, these awards may be subject to malus or clawback provisions at the discretion of the Committee.</p>

Purpose and link to strategy	Operation	Performance Targets
Other		
Chairman and Non-Executive Director Fees		
To ensure that the Group is able to attract and retain experienced and skilled Non-Executive Directors.	<p>Fee levels are determined with reference to those paid by other companies of similar size and complexity and taking into account the scope of responsibilities and the amount of time that is expected to be devoted during the year. No individual is involved in the process of setting his/her remuneration.</p> <p>Fee levels are normally reviewed bi-annually. They may also be increased on an ongoing or temporary basis to take into account changes in the working of the Board.</p> <p>The Chairman of the Board receives a fixed fee. Other Non-Executive Directors receive a basic fee and additional fees are payable for the Chairmanship of the Board Committees and for the additional responsibility of being the Senior Independent Director.</p> <p>Travel expenses and hotel costs are also paid where necessary.</p> <p>2015 fee levels for the incumbents are as follows: Non-Executive Chairman: £170,000 Non-Executive Director Base Fee: £45,000 Supplementary Fee for Senior Independent Director: £6,000</p> <p>Fee for: Audit Committee Chair: £14,000 Remuneration Committee Chair: £8,000</p>	Non-Executive Directors do not participate in any of the Group's incentive arrangements or share schemes and are not eligible for pension or other benefits.
Share Ownership Guidelines		
To strengthen alignment between Executives and shareholders.	<p>Levels are set in relation to annual Base Salary, and are normally required to be built over a three-year period. The Committee retains discretion to extend this on an individual basis, if it believes that it is fair and reasonable to do so.</p> <p>Options which have vested unconditionally, but are as yet unexercised, will be included on a net basis, for the purposes of calculating shareholdings, as will shares held by an Executive's spouse or dependants.</p> <p>The Committee will regularly review the minimum shareholding guidelines.</p> <p>There is no maximum, but minimum levels have been set at 200 per cent of Base Salary for the CEO and 100 per cent of Base Salary for other Executive Directors. Non-Executive Directors are not required to hold shares in the Company.</p>	

Statement of consideration of employment considerations elsewhere in the Group

When setting executive remuneration, consideration is given to pay and employment conditions of employees of the Company and policies elsewhere in the Group. The average annual salary increase of Computacenter Executive Directors in 2014 was 0 per cent, compared to a possible increase of 3 per cent for full-time employees achieving a very high level of performance and 2 per cent for full-time employees achieving a good level of performance.

Whilst only Executive Directors and senior executives participate in the PSP plan, other full time employees in the UK and Germany can participate in the Group's All Employee SAYE scheme. This plan is not subject to performance conditions, but requires the employee to remain employed at the end of the term of the scheme which they have joined. This plan has been extremely successful, and is increasing in popularity amongst our employees, with take-up increased by 86 per cent since 2012.

There has been no rise in the base fee for Non-Executive Directors in 2015, given that this is subject to a biennial benchmarking exercise which will next be carried out by the Company at the end of that year. Fees were previously increased in January 2014.

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

Statement of consideration of shareholders' views

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

The Group consulted with its major shareholders during the second half of the year on its decision to add a second performance criteria to the Performance Share Plan awards. This is related to growth in the Company's Services revenue, which is one of its key strategic objectives, as explained in more detail on page 23.

The Chairman of the Board also met with a number of the Company's largest shareholders in December 2014, following which remuneration based feedback in respect of the Executive Directors was fed back to the Board and the Remuneration Committee.

Annual Remuneration report

Responsibilities of the Remuneration Committee

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

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

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

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

Membership and attendance

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

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

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

The principal adviser to the Committee is Mercer Limited ('Mercer'), who was first selected by the Committee in 2010 by way of a tender process. During the year, Mercer provided advice to the Company principally in respect of the consultation undertaken with the Group's largest shareholders concerning the addition of a second performance criterion for its Performance Share Plan Scheme. Additionally, advice was provided on the contents of the Directors' Remuneration Committee report as set out on pages 63 to 74. The total fees paid by the Company to Mercer in 2014 in respect of this advice was £39,957. The Committee considers the advice that it receives from Mercer to be independent considering, amongst other things, that Mercer provided no other services to the Company during the year other than those outlined above. Mercer is a founder member of the Remuneration Committee Group, and adheres to its code.

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

Audited information

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

(A)

Single figure of total remuneration

The total amount paid by the Company to each of the Directors, in respect of the financial years ending 31 December 2013 and 2014, is set out in the table below:

	Salary or fees £'000		Benefits £'000		Annual Bonus £'000		PSP Awards £'000		Pension £'000		Total £'000	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Executive												
Mike Norris	500.0	500.0	51.6 ²	63.9 ²	451.0	367.2	478.7 ³	0	25.0	6.2	1,506.3	937.3
Tony Conophy	325.0	325.0	16.5	16.9	227.0	185.7	263.9 ³	0	16.2	6.2	848.6	533.8
Non-Executive												
Greg Lock	170.0	160.0	-	-	-	-	-	-	-	-	170.0	160.0
Philip Hulme	45.0	42.0	-	-	-	-	-	-	-	-	45.0	42.0
Brian McBride	59.0	56.0	-	-	-	-	-	-	-	-	59.0	56.0
Peter Ogden	45.0	42.0	-	-	-	-	-	-	-	-	45.0	42.0
John Ormerod	59.0	56.0	-	-	-	-	-	-	-	-	59.0	56.0
Regine Stachelhaus ¹	45.0	23.5	-	-	-	-	-	-	-	-	45.0	23.5
Total (£'000)	1,248.0	1204.5	68.1	80.8	678.0	552.9	742.6	0	41.2	12.4	2,777.9	1,850.6

1. Regine Stachelhaus was appointed to the Board on 1 July 2013.
 2. Included within this benefits figure is the cost to the Company of providing a driver service for Mike Norris which he uses for business and personal use.
 3. This relates to the 2012 LTIP awards, which will vest in March 2015 and had a performance period of 1 January 2012 to 31 December 2014. The relevant performance criteria was partially achieved and therefore 35.34 per cent of this award vested in each of the Executive Directors. This calculation is based upon the value of a Computacenter plc share at the time of vesting, being £5.865.

Remuneration paid in 2014 – additional detail

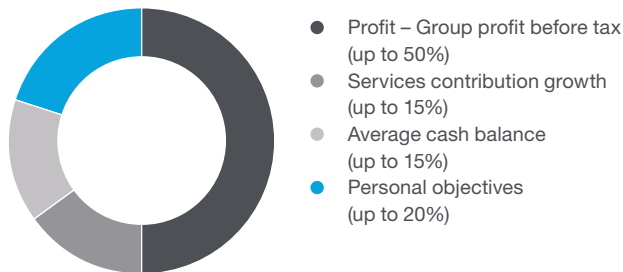
Base Salary

The annual salaries of the Executive Directors were unchanged in 2014.

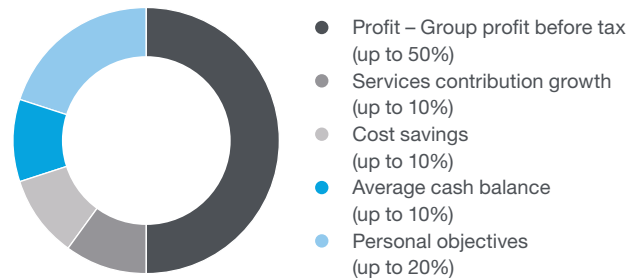
Annual Bonus

The bonus criteria applied for each of the Executive Directors during 2014, were as follows:

Mike Norris – CEO (2014)



Tony Conophy – CFO (2014)



(A)

The table below sets out details of performance against the FY 2014 bonus targets:

	As a percentage of Maximum Bonus Opportunity		Performance required						Actual % achieved		Payout (£)	
			Threshold		On-Target		Maximum					
	CEO	CFO	CEO	CFO	CEO	CFO	CEO	CFO	CEO	CFO	CEO	CFO
Financial Criteria												
Group Profit Before Tax (£m)	50%	50%	15%	15%	32.5%	32.5%	50%	50%	30.17%	30.17%	196,105	98,052
Services Contribution Growth (£m)	15%	10%	7.5%	5%	15%	10%	15%	10%	14.6%	9.74%	94,900	31,655
Cash Balance (£m)	15%	10%	7.5%	5%	15%	10%	15%	10%	8.62%	5.75%	56,030	18,688
Cost Savings (£m)	-	10%	-	10%	-	10%	-	10%	-	8.2%	-	26,650
Non-Financial Criteria												
Personal Objectives	20%	20%	1%	1%	15%	15%	20%	20%	16%	16%	104,000	52,000
Total	100%	100%	31%	36%	77.5%	77.5%	100%	100%	69.39%	69.86%	451,035	227,045

As a result, 69.39 per cent of maximum bonus was paid to the CEO, and 69.86 per cent was paid to the CFO. The actual performance targets set at the beginning of the performance period are not disclosed as they are considered to remain commercially sensitive at this time. We will generally disclose these targets retrospectively at a time that the Committee considers that they are no longer commercially sensitive.

LTIPs/PSPs

There was a pay-out of 35.34 per cent of those awards granted to the Executive Directors, pursuant to the 2012 PSP Scheme as the relevant performance criteria threshold was partially achieved. This was in respect of the performance period 1 January 2012 to 31 December 2014 and the level of vesting is referred to in the 'single figure of total remuneration' table on page 68. The performance criteria for this report are set out in more detail within the table on page 70.

(A)

Share scheme interests awarded during the year

The table below details awards of conditional shares made during 2014 under the PSP scheme. The face value of the awards has been calculated based on the closing share price for the trading day immediately prior to the award date. The performance conditions for these awards are set out in more detail directly below.

Scheme/Type of Award	Number of Shares	Face Value at time of grant	Performance Conditions Applied	Amount Vesting related to Threshold of Performance		Performance Period Set
				Threshold Performance (% of face value)	Maximum Performance (% of face value)	
Group CEO PSP – nil cost option	146,520	£1,000,000	Compound growth of Company Earnings Per Share	25%	100%	3 financial years from 1 January 2014
Group CFO PSP – nil cost option	83,333	£568,750	Compound growth of Company Earnings Per Share	25%	100%	3 financial years from 1 January 2014

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

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

(A)

Executive Director outstanding share awards as at 31 December 2014
Directors' Interests in Share Plans (Audited)

	Scheme	Note	Exercise/ share price	Exercise period/ Vesting period	At 1 January 2014	Granted during the year	Exercised during the year	Lapsed	At 31 December 2014
Mike Norris	Sharesave*	1	320.0p	01/12/14-31/05/15	4,859	–	–	–	4,859
	Sharesave*	1	524.0p	01/12/19-31/05/19	–	5,782	–	–	5,782
	PSP	2	Nil	17/03/14-16/03/21	224,586	–	–	224,586	–
	PSP	3	Nil	23/03/15-22/03/23	230,947	–	–	–	230,947
	PSP	4	Nil	03/05/16-02/05/24	227,273	–	–	–	227,273
	PSP	5	Nil	20/03/17-19/03/24	–	146,520	–	–	146,520
Tony Conophy	Sharesave*	1	343.0p	01/12/17-31/05/17	4,373	–	–	–	4,373
	PSP	2	Nil	17/03/14-16/03/21	124,113	–	–	124,113	–
	PSP	3	Nil	23/03/15-22/03/23	127,309	–	–	–	127,309
	PSP	4	Nil	03/05/16-02/05/24	129,261	–	–	–	129,261
	PSP	5	Nil	20/03/17-19/03/24	–	83,333	–	–	83,333

1. Issued under the terms of the Computacenter Sharesave Plus Scheme, which is available to employees and full-time Executive Directors of the Computacenter Group. Eligible employees can save between £5 and £500 a month to purchase options in shares in Computacenter plc at a price fixed at the beginning of the scheme term. There are no conditions relating to the performance of the Company for this scheme.
2. Issued under the terms of the Computacenter Performance Share Plan 2005 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.
3. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 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.
4. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2013 to 31 December 2015 (the 'Performance Period') equals 7.5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight-line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.
5. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2014 to 31 December 2016 (the 'Performance Period') equals 7.5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight-line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.

* The Sharesave scheme only requires that an employee remains employed by the Group at the end of the term of the scheme. There are no other performance conditions attached.

Director gains
Performance Share Plan

Director	Date of vesting	Scheme	Number of shares	Exercise price	Market value at exercise	Gain on exercise
Mike Norris	22/03/2014	PSP	–	n/a	n/a	£0
Tony Conophy	22/03/2014	PSP	–	n/a	n/a	£0

The closing market price of an ordinary share at 31 December 2014 (being the last trading day of 2014) was 586.5 pence.

The highest price during the year was 718.5 pence and the lowest was 582.0 pence.

Minimum shareholding requirements

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

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Current Directors' shareholdings

The beneficial interest of each of the Directors in the shares of the Company, as at 31 December 2014, is as follows:

Current Directors	Number of shares in the Company as at 31 December 2014	% of requirement achieved	Interests In Shares		
			SAYE	PSP	Total
Mike Norris	1,288,939	756 ³	10,641 ¹	604,740 ²	1,904,320
Tony Conophy	2,025,177	2,375 ³	4,373 ¹	339,903 ²	2,369,453
Greg Lock	400,000	n/a	–	–	400,000
Philip Hulme	12,996,593	n/a	–	–	12,996,593
Brian McBride	–	n/a	–	–	–
Peter Ogden	31,802,071	n/a	–	–	31,802,071
John Ormerod	22,500	n/a	–	–	22,500
Regine Stachelhaus	–	n/a	–	–	–

Note: There has been no grant of, or trading in, shares of the Company, between 1 January 2015 and 28 February 2015. However, as announced by the Company on 20 February 2015, a share consolidation of 15 new ordinary shares for 17 existing ordinary shares took place on 20 February 2015, and the effect of this is excluded from the numbers set out above. However, as at 28 February 2015, each Director owns the same percentage shareholding of the Company, as he/she did as at 31 December 2014.

1. The only performance condition attaching to this scheme is to remain employed by the Group as at the end of its term.

2. There are performance conditions for this scheme as set out opposite in the table on page 70.

3. Based on the Company's closing share price as at 31 December 2014.

Executive Directors are deemed to be interested in the unvested shares held by the Computacenter Employee Benefit Trust (2,772,338 ordinary shares held as at 31 December 2014) and the Computacenter Quest Trust (94,162 ordinary shares held as at 31 December 2014).

Dilution limits

Computacenter uses a mixture of both new issue and market purchase shares to satisfy the vesting of awards made under its Option, PSP and Sharesave plans. In line with best practice, the use of new or treasury shares to satisfy awards made under all share schemes, is restricted to 10 per cent in any 10-year rolling period, with a further restriction for discretionary schemes of 5 per cent in the same period. As at the year-end, the potential dilution from awards under all share plans during that 10-year period was approximately 3.42 per cent and the potential dilution from awards under the discretionary schemes was approximately 1.27 per cent.

Payments to past Directors and payments for loss of office

There have been no payments made to past Directors, and no Directors have stood down from the Board during the course of the financial reporting period.

Executive service contracts

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

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

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

External appointments

Executive Directors are permitted to hold outside directorships, subject to approval by the Chairman of the Board, and any such Executive Director is permitted to retain any fees paid for such services. During 2014, Mike Norris served as a Non-Executive Director of Triage Holdings Limited and received a fee of £24,000.

Non-Executive Directors' letters of appointment

The Non-Executive Directors have not entered into service contracts with the Company. They each operate under a letter of appointment which sets out their terms, duties and responsibilities. Non-Executive Directors are appointed for an initial term, which runs to the conclusion of the third Annual General Meeting following their appointment, which may be renewed at that point for a further three-year term. The letters of appointment provide that should a Non-Executive Director not be re-elected at an AGM before he is due to retire, then his or her appointment will terminate. The Board has agreed that all Directors will be subject to re-election at the AGM on 19 May 2015, with the exception of Minnow Powell, who will be subject to election for the first time at that meeting.

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

Director	Date of latest letter of appointment	Expiry Date	Notice Period
Greg Lock	13 May 2014	13 May 2017	3 months
Philip Hulme	2 May 2013	2 May 2016	3 months
Brian McBride	28 February 2014	28 February 2017	3 months
Peter Ogden	10 May 2013	10 May 2016	3 months
John Ormerod	13 May 2013	13 May 2016	3 months
Minnow Powell	1 January 2015	1 January 2018	3 months
Regine Stachelhaus	1 July 2013	1 July 2016	3 months

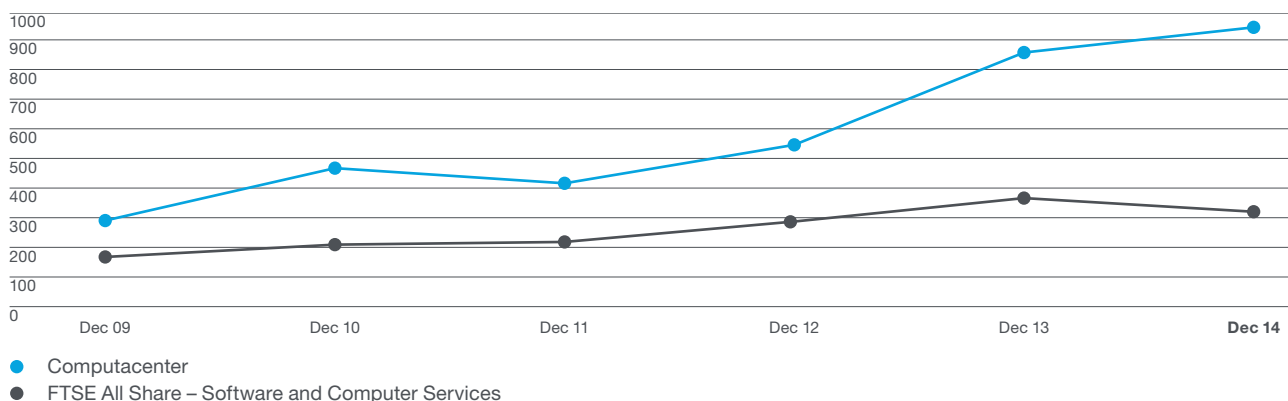
In 2015, the Chairman will be paid a single consolidated fee of £170,000. The Non-Executive Directors are paid a basic fee, plus additional fees for Chairmanship of Board Committees and acting as the Senior Independent Non-Executive Director.

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

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

Performance of the Company

Total shareholder return performance (Computacenter versus FTSE Software and Computer Services sector)



CEO pay history

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

	2009	2010	2011	2012	2013	2014
CEO single figure of remuneration	1,407,034	1,910,675	1,878,675	1,085,300	937,300	1,506,300
Annual bonus pay-out (as a % of maximum opportunity)	87%	98.5%	63.7%	26.8%	61.2%	69.39%
Annual Bonus (£)	413,250	467,875	350,350	161,000	367,000	451,035
PSP vesting (as a % of maximum opportunity)	100%	100%	100%	58.5%	0%	35.34%
PSP vesting (£)	489,235	938,201	997,351	385,355	–	478,679

Percentage change in remuneration of CEO and employees

The table below sets out the percentage change in the salary, benefits and annual bonus of the Group CEO compared to the average amount paid to Computacenter employees in the UK, between the year ended 31 December 2013 and 31 December 2014.

	Salary	Benefits	Annual Bonus potential
Group CEO	0%	-19.2%	0%
Computacenter UK based employees	+2.63%	+5.22%	+2.98%

Relative importance of spend on pay

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

Expenditure on Group Employees' pay

2014	-0.4%	£542.6m
2013		£545.0m

Shareholder Distributions (Ordinary Dividend and Return of Capital)

2014	-74.1%	£24.8m*
2013		£95.9m

Group Adjusted Profit Before Tax

2014	+5.1%	£85.9m
2013		£81.7m

- Year ended 31 December 2014
- Year ended 31 December 2013

*The 2013 figure provided includes a one-off Return of Value to shareholder of approximately £75 million.

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

Statement of implementation of remuneration policy in the following financial year

Executive Director remuneration for 2015 will be in accordance with the terms of our Directors' Remuneration Policy table, as set out on pages 64 to 66 of this report.

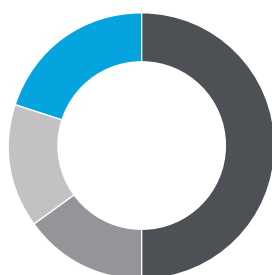
2015 Base Salaries

The Base Salaries of the CEO and CFO have not been increased since 2011 and 2012 respectively, and will remain unchanged in 2015.

2015 Annual Bonus Scheme

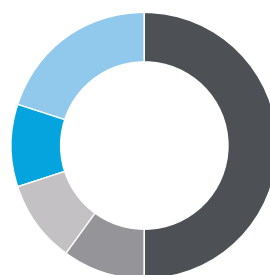
There will be two elements to the annual bonus in 2015. The main part of the bonus pays up to 130 per cent of Base Salary for the CEO and up to 100 per cent of Base Salary for the CFO, and will operate in the usual way based upon the performance of the business, as illustrated below:

Mike Norris – CEO (2015)



- Profit – Group profit before tax (up to 50%)
- Services contribution growth (up to 15%)
- Average cash balance (up to 15%)
- Personal objectives (up to 20%)

Tony Conophy – CFO (2015)



- Profit – Group profit before tax (up to 50%)
- Services contribution growth (up to 10%)
- Cost savings (up to 10%)
- Average cash balance (up to 10%)
- Personal objectives (up to 20%)

The proposed levels for 2015 have been set to be challenging relative to our 2015 business plan. The targets themselves, as they relate to the 2015 financial year, are deemed by the Committee to be commercially sensitive and therefore have not been disclosed. They will be disclosed at such time as the Committee no longer deems them to be commercially sensitive.

In addition, the Remuneration Committee has decided to increase the 2015 bonus opportunity to the Executive Directors on a one-off basis, following the divestment of RDC by the Group. The bonus opportunity equates to a maximum of £300,000 each for the CEO and CFO, which represents 60 per cent of Base Salary for the CEO and 92.3 per cent of Base Salary for the CFO. These payments are payable contingent on shareholder value being secured through the successful implementation of the Operating Agreement entered into between Computacenter and RDC (under its new ownership), and the overall performance of the Group in 2015. This second element of bonus is a one-off item that it is anticipated will apply for 2015 only. The aggregate potential payment of both items is within the limits set by Computacenter's Directors Remuneration Policy maximum of 200 per cent of Base Salary.

2015 PSP Scheme

The award levels of Performance Shares for the Executive Directors in the 2015 financial year are 200 per cent of salary for the Chief Executive Officer and 175 per cent of salary for the Chief Financial Officer. The 2015 financial year LTIP awards will be subject to the following performance conditions:

A) Compound Growth of Company Earnings per Share (70 per cent of total vesting criteria)

	Below Threshold (0% vesting)	Threshold Vesting (25% vesting)	On-target (50% vesting)	Maximum (100% vesting)
Compound Growth of Company Earnings per Share	< than 5%	5%	8.33%	12.5%

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

B) Growth in the Company's total services revenue (30 per cent of total vesting criteria)

Following a consultation with the Company's top 15 shareholders (by size of holding) during the year, the Committee approved the addition of a second performance criterion for the Performance Share Plan. Whilst the Committee deems the actual services revenue growth targets to be commercially sensitive, these will be disclosed by the Company at the time of vesting.

Statement of voting at 2014 AGM

The results of voting on the Directors' Remuneration report at the Company's 2014 AGM are outlined in the table below:

Votes cast in favour/discretionary		Votes cast against		Votes Withheld		Total votes cast	
124,142,256	99.6%	543,283	0.039%	17,793	0.01%	124,685,539	89.7%

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

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



Brian McBride
Chairman of the Remuneration Committee
 11 March 2015

Directors' responsibilities

Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable company law and regulations and those International Financial Reporting Standards as adopted by the European Union. Under Company law, the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

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

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

The Directors are responsible for keeping proper and adequate accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Group and enable them to ensure that the accounts and the Directors' Remuneration report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence, taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, each of the persons who is a Director at the date of approval of this report confirms that:

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

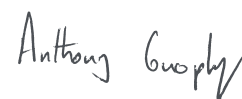
Directors' responsibility statement

- The financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit for the Company and undertakings included in the consolidation taken as a whole;
- Pursuant to the Disclosure and Transparency Rules, the Company's Annual Report and Accounts include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The Directors consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

The Annual Report from pages 1 to 75 was approved by the Board of Directors and authorised for issue on 11 March 2015 and signed for on behalf of the Board by:



Mike Norris
Chief Executive Officer
11 March 2015



Tony Conophy
Group Finance Director
11 March 2015

Independent auditor's report to the members of Computacenter plc

Opinion on financial statements, which is unmodified

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited:

We have audited the financial statements of Computacenter plc for the year ended 31 December 2014, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes, as set out on pages 79 to 122.

- The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.
- The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our assessment of risk of material misstatement

The table below shows the risks we identified that have had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team together with our audit response to the risk:

Risk	Our response
Revenue recognition (see note 2):	
The Group's revenue comprises Supply Chain and Professional and Contractual Services. We considered the risks associated with each revenue stream separately and designed our audit response appropriately:	
<ul style="list-style-type: none"> • Supply Chain – the risk of inappropriate recognition of revenue on significant product contracts around the period end due to non-standard contract terms. • Contractual Services – the risk of inappropriate contract segmentation resulting in revenue being recorded in the wrong period and the inappropriate matching of revenue with contract delivery or incurred costs (including any contractual penalties due). In the case of the Group's one long-term accounting contract, which terminates in 2015, the risk related to the estimations made by management in assessing the appropriate stage of completion, costs to complete, and revenue recognised. • Professional Services – the risk of inappropriate revenue recognition relating to complex contracts – namely, timing of revenue recognition and use of the correct rate and the appropriate associated incurred costs. • For contract related revenue (Professional and Contractual Services) – we considered the risk around loss provisions, that the appropriate revenue and costs were included within the provision; management had appropriately identified all contracts requiring a loss provision. 	<ul style="list-style-type: none"> • We performed detailed testing of a sample of sales around the period end date to ensure that revenue had been appropriately recognised in the correct period, and we tested a sample of sales to supporting documentation to identify any right of return clauses and ensure that revenue had been appropriately recognised. We performed audit procedures on the controls in place to test the appropriate determination of the revenue to be recognised, and vouched revenue levels to the related purchase order or agreement (including terms and conditions) held with customers. • We tested management's controls to ensure the correct billing and cost capture on contracts. • For a sample of sales transactions we agreed the recorded amounts to underlying records. • We re-performed the calculations to confirm the accuracy of the accrued and deferred income recorded at the period end. • We have reviewed actual to forecast performance, interviewed and challenged management (both financial and non-financial) in relation to poorer performing contracts. • For the Group's one long-term accounting contract, we challenged management's performance assumptions in respect to the judgements made in assessing the cost to complete estimate, verifying explanations for unexpected variances.

Risk	Our response
French operations (see notes 13, 17 and 23):	
The impact of the activities to turnaround the Group's French subsidiary and its impact on the carrying value of the related non-current assets and working capital balances, specifically the recoverability of the related debtors.	
<ul style="list-style-type: none"> In recent years, the French operations of Computacenter have returned a loss. This indicates the risk of impairment of non-current and intangible assets in relation to Computacenter France, as set out in the Audit Committee's report on page 58 of the Annual Report and Accounts. We have considered the risks associated with management's estimation processes, assumptions and the reasonableness of management's forecasts and specific turnaround plans. Following the significant increase in the level of overdue trade receivables within Computacenter France, there are risks associated with their recoverability. These include the risks associated with determining the collectability of aged debtors in France and the related assumptions used in determining the provision required. Completeness and valuation of the provision for the French restructuring and assessment of the key assumptions used within the calculation. 	<ul style="list-style-type: none"> We examined management's calculations for assessing the valuation of the non-current and intangible assets of Computacenter France. In particular, we assessed the forecasts of the cash flows for the cash-generating unit by reviewing management's supporting information and that contained on our files, interviewing financial and non-financial management within the business and considering contra-indicators within our other procedures. We assessed the appropriateness of other key assumptions, such as discount rates and terminal growth rates by comparing to relevant external economic data. We also performed sensitivity analyses by stressing key assumptions in the model to assess the level of headroom in place based on reasonably expected movements in such assumptions. We tested existence of the trade receivables balance through testing a sample of invoices to proof of delivery and customer purchase orders. We assessed the adequacy of management's provision against the aged French trade receivables and their recoverability by testing the provision rationale for a sample of receivables, reviewing ageing and obtaining third party evidence to support the recoverability of aged receivables not provided for. We examined management's calculation and the assumptions used in determining the provision for restructuring of Computacenter France in the year, its utilisation, and performed an analysis of the key factors within this calculation to assess their impact on the resulting provision.

Exceptional items (see note 5):

The risks associated with the appropriateness of disclosures made within the Annual Report and Accounts, specifically those disclosure associated with exceptional items (see note 5 of the Annual Report and Accounts).

- The risk of non-compliance with International Financial Reporting Standards and guidance issued by the UK's Financial Reporting Council in relation to exceptional items, and compliance with the Computacenter Group's stated policy.
- A sample of exceptional items (including all material items) have been agreed to source documentation and challenged by the local and Group audit teams as to their nature in order to validate that they are material non-recurring items which are appropriate to present outside of normalised operating profit.

Our application of materiality

We initially determined materiality for the Group to be £4.0 million (2013: £3.5 million), which is approximately 5 per cent (2013: 5 per cent) of pre-tax profit before non-recurring exceptional items. We used this adjusted pre-tax profits measure as we consider this to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

During the course of our audit, the actual profit of the Group was in line with the forecasted profit and as a result we maintained our materiality threshold at £4.0 million (2013: £3.5 million). On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality for the Group should be 75 per cent (2013: 75 per cent) of planning materiality, namely £3.0 million (2013: £2.6 million). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level.

Audit work at individual components is undertaken based on a percentage of our total performance materiality. The performance materiality set for each component is based on the relative size of the component and our view of the risk of misstatement at that component. In the current year the range of performance materiality allocated to components was £1 million to £2 million.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.2 million (2013: £0.2 million), as well as differences below that threshold that, in our view warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

An overview of the scope of our audit

Following our assessment of the risk of material misstatement to the Group financial statements, we selected three components which represent the Group's three principal reportable segments and, together with the Group operations (also subject to a full audit), account for 95 per cent (2013: 98 per cent) of the Group's total assets and 96 per cent (2013: 98 per cent) of the Group's revenue, and 93 per cent (2013: 92 per cent) of the Group's profit before tax and exceptional items. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. For the remaining components, we performed other procedures to confirm there were no significant risks of material misstatement in the Group financial statements.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits each of the locations where the Group audit scope was focused, or meets with the location audit teams, each year.

Our opinion on other matters prescribed by the Companies Act 2006, which is unmodified

In our opinion:

- the part of the Annual Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

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

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

- 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.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 57, 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.

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 and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts 2014 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities statement set out on page 75, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.



Nick Powell (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor

London
11 March 2015

Notes:

1. The maintenance and integrity of the Computacenter plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Revenue	3	3,107,759	3,072,075
Cost of sales		(2,697,842)	(2,668,814)
Gross profit		409,917	403,261
Administrative expenses		(323,814)	(321,096)
Operating profit:			
Before amortisation of acquired intangibles and exceptional items		86,103	82,165
Amortisation of acquired intangibles		(1,868)	(2,375)
Onerous contracts		1,540	(15,739)
Non-cash impairment		-	(12,195)
Other exceptional items		(9,128)	(830)
Exceptional items	5	(7,588)	(28,764)
Operating profit		76,647	51,026
Finance revenue	7	1,615	1,351
Finance costs	8	(1,844)	(1,852)
Profit before tax:			
Before amortisation of acquired intangibles and exceptional items		85,874	81,664
Amortisation of acquired intangibles		(1,868)	(2,375)
Onerous contracts		1,540	(15,739)
Non-cash impairment		-	(12,195)
Other exceptional items		(9,128)	(830)
Exceptional items	5	(7,588)	(28,764)
Profit before tax		76,418	50,525
Income tax expense:			
Before amortisation of acquired intangibles and exceptional items		(21,353)	(19,325)
Tax on amortisation of intangibles		238	244
Tax on onerous contracts		(185)	1,889
Tax on non-cash impairment		-	1,014
Tax on other exceptional items		-	(700)
Total tax on exceptional items	5	(185)	2,203
Exceptional tax items		-	(489)
Income tax expense	9	(21,300)	(17,367)
Profit for the year		55,118	33,158
Attributable to:			
Equity holders of the parent		55,117	33,160
Non-controlling interests		1	(2)
Profit for the year		55,118	33,158
Earnings per share			
- basic for profit for the period	10	40.5p	23.2p
- diluted for profit for the period	10	40.0p	23.0p

Consolidated statement of comprehensive income

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Profit for the year:		55,118	33,158
<i>Items that may be reclassified to profit or loss:</i>			
Loss arising on cash flow hedge	21	(251)	(1,403)
Income tax effect		54	326
		(197)	(1,077)
Exchange differences on translation of foreign operations		(10,976)	4,326
		(11,173)	3,249
<i>Items not to be reclassified to profit or loss:</i>			
Remeasurement of defined benefit plan		(1,177)	–
Other comprehensive income for the year, net of tax		(12,350)	3,249
Total comprehensive income for the period		42,768	36,407
Attributable to:			
Equity holders of the parent		42,768	36,407
Non-controlling interests		–	–
		42,768	36,407

Consolidated balance sheet

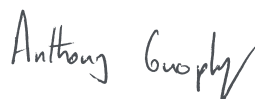
As at 31 December 2014

	Note	2014 £'000	2013 £'000
Non-current assets			
Property, plant and equipment	12	79,940	89,044
Intangible assets	13	90,344	98,870
Investment in associate	15	42	45
Deferred income tax asset	9	15,049	15,172
		185,375	203,131
Current assets			
Inventories	16	50,006	58,618
Trade and other receivables	17	695,915	667,722
Prepayments		52,688	61,579
Accrued income		50,869	53,140
Forward currency contracts	24	2,434	–
Cash and short-term deposits	18	129,865	91,098
		981,777	932,157
Total assets		1,167,152	1,135,288
Current liabilities			
Trade and other payables	19	635,279	604,945
Deferred income		106,862	115,986
Financial liabilities	20	6,850	8,147
Forward currency contracts	24	389	2,360
Income tax payable		9,810	10,239
Provisions	23	9,808	6,005
		768,998	747,682
Non-current liabilities			
Financial liabilities	20	3,818	11,540
Provisions	23	8,176	10,449
Deferred income tax liabilities	9	748	947
		12,742	22,936
Total liabilities		781,740	770,618
Net assets		385,412	364,670
Capital and reserves			
Issued capital	26	9,283	9,271
Share premium	26	4,597	4,362
Capital redemption reserve	26	74,957	74,963
Own shares held	26	(10,760)	(11,976)
Foreign currency translation reserve	26	(4,326)	6,649
Retained earnings		311,648	281,388
Shareholders' equity		385,399	364,657
Non-controlling interests		13	13
Total equity		385,412	364,670

Approved by the Board on 11 March 2015



MJ Norris
Chief Executive Officer



FA Conophy
Group Finance Director

Consolidated statement of changes in equity

For the year ended 31 December 2014

	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
At 1 January 2014	9,271	4,362	74,963	(11,976)	6,649	281,388	364,657	13	364,670
Profit for the year	-	-	-	-	-	55,117	55,117	1	55,118
Other comprehensive income	-	-	-	-	(10,975)	(1,373)	(12,350)	(1)	(12,351)
Total comprehensive income	-	-	-	-	(10,975)	53,744	42,767	-	42,768
Prior period corrections (note 2)	6	-	(6)	695	-	(695)	-	-	-
Cost of share-based payments	-	-	-	-	-	2,810	2,810	-	2,810
Tax on share-based payment transactions	-	-	-	-	-	39	39	-	39
Exercise of options	6	235	-	2,804	-	(965)	2,080	-	2,080
Purchase of own shares	-	-	-	(2,283)	-	-	(2,283)	-	(2,283)
Equity dividends	-	-	-	-	-	(24,673)	(24,673)	-	(24,673)
At 31 December 2014	9,283	4,597	74,957	(10,760)	(4,326)	311,648	385,399	13	385,412
At 1 January 2013	9,234	3,769	74,957	(13,848)	2,325	345,893	422,330	13	422,343
Profit for the year	-	-	-	-	-	33,160	33,160	(2)	33,158
Other comprehensive income	-	-	-	-	4,324	(1,077)	3,247	2	3,249
Total comprehensive income	-	-	-	-	4,324	32,083	36,407	-	36,407
Cost of share-based payments	-	-	-	-	-	1,070	1,070	-	1,070
Tax on share-based payment transactions	-	-	-	-	-	126	126	-	126
Exercise of options	28	1,194	-	3,364	-	(1,872)	2,714	-	2,714
Bonus issue	15	(15)	-	-	-	-	-	-	-
Expenses on bonus issue	-	(586)	-	-	-	-	(586)	-	(586)
Redemption of shares	(6)	-	6	-	-	-	-	-	-
Return of Value	-	-	-	-	-	(73,115)	(73,115)	-	(73,115)
Purchase of own shares	-	-	-	(1,492)	-	-	(1,492)	-	(1,492)
Equity dividends	-	-	-	-	-	(22,797)	(22,797)	-	(22,797)
At 31 December 2013	9,271	4,362	74,963	(11,976)	6,649	281,388	364,657	13	364,670

Consolidated cash flow statement

For the year ended 31 December 2014

	Note	2014 £'000	Restated 2013 £'000
Operating activities			
Profit before taxation		76,418	50,525
Net finance income		229	501
Depreciation	12	20,398	22,735
Amortisation	13	12,675	9,839
Impairment of intangible assets		-	12,195
Share-based payments		2,810	1,070
Loss/(profit) on disposal of property, plant and equipment		676	(215)
Loss on disposal of intangibles		1	642
Decrease in inventories		5,834	10,596
Increase in trade and other receivables		(51,167)	(94,982)
Increase in trade and other payables		50,275	54,814
(Decrease)/Increase in provisions		(1,851)	5,626
Other adjustments		(473)	(815)
Cash generated from operations		115,825	72,531
Income taxes paid		(21,408)	(9,624)
Net cash flow from operating activities		94,417	62,907
Investing activities			
Interest received		1,615	1,741
Decrease in current asset investment		-	10,000
Acquisition of subsidiaries, net of cash acquired	15b	(465)	-
Proceeds from sale of property, plant and equipment		44	921
Purchases of property, plant and equipment		(12,189)	(9,609)
Proceeds from sale of intangible assets		1	-
Purchases of intangible assets		(5,494)	(15,544)
Net cash flow from investing activities		(16,488)	(12,491)
Financing activities			
Interest paid		(1,275)	(2,663)
Dividends paid to equity shareholders of the parent	11	(24,673)	(22,797)
Return of Value		-	(73,115)
Expenses on Return of Value		-	(586)
Proceeds from share issues		1,791	2,910
Purchase of own shares		(2,283)	(1,492)
Repayment of capital element of finance leases		(4,983)	(8,066)
Repayment of loans		(7,767)	(2,766)
New borrowings		3,908	9,267
Net cash flow from financing activities		(35,282)	(99,308)
Increase/(decrease) in cash and cash equivalents		42,647	(48,892)
Effect of exchange rates on cash and cash equivalents		(3,835)	1,755
Cash and cash equivalents at the beginning of the year	18	90,334	137,471
Cash and cash equivalents at the year-end	18	129,146	90,334

Notes to the consolidated financial statements

For the year ended 31 December 2014

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 11 March 2015. 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 2014 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.

Restatement for prior period corrections

Management have identified several misstatements related to the information presented within the 2013 Annual Report and Accounts and have corrected these as noted below:

Amortisation of acquired intangibles – note 13 intangible assets

We have corrected the note disclosure for intangible assets for the 2013 prior period in note 13. The effect of the correction was to increase the charge for the year by £163,000 from £2,212,000 to £2,375,000 and to decrease the foreign currency adjustment by the same amount from £287,000 to £124,000 within the comparative note disclosure only.

Return of Value – consolidated statement of changes in equity

An element of the 2013 Return of Value transaction was accounted for in error. This has been corrected in the current period with the entry increasing issued capital by £6,000 and decreasing the capital redemption reserves by the same amount.

Historical differences within the own shares held reserve have been identified and corrected during 2014 resulting in a debit to the own shares held reserve of £695,000 and a credit to retained earnings of £405,000.

Both of these corrections are contained within the line item 'prior period corrections' within the statement of changes in equity for the year ended 31 December 2014.

Own shares held – consolidated cash flow statement and consolidated statement of changes in equity

An amount paid for own shares of £1,492,319 was incorrectly netted against other line items in both the consolidated cash flow statement for the year ended 31 December 2013 and the consolidated statement of changes in equity as at 31 December 2013. The relevant comparative information for both statements has been restated with the amount appearing on a separate 'purchase of own shares' line in both comparative statements.

Basis of consolidation

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

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

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

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

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

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

Offsetting financial assets and financial liabilities – amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Novation of derivatives and continuation of hedge accounting – amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

Annual improvements 2010-2012 cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the basis for conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

Annual improvements 2011-2013 cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

New and revised standards and interpretations not applied

The following new or revised standards and interpretations issued by the International Accounting Standards Board have not been applied in preparing these accounts as their effective dates fall in periods beginning after 31 December 2014.

Effective for the year ending 31 December 2017

IAS 16 and IAS 38 Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation.

IAS 27 Amendments relating to Equity Method in Separate Financial Statements.

IFRS 10 and IAS 28 Amendments relating to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

IFRS 11 Amendments relating to Acquisitions of Interests in Joint Operations.

Effective for the year ending 31 December 2018

IFRS 15 Revenue from Contracts with Customers.

Effective for the year ending 31 December 2019

IFRS 9 Financial Instruments – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.

It is not anticipated that the adoption of these standards and interpretations will have a material impact on the Group's accounts, however Management's assessment of the impact and accepted best practice is ongoing. Certain of these standards and interpretations will, when adopted, require addition to or amendment of disclosures in the accounts.

Critical judgements and estimates

The preparation of financial statements requires Management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making these critical judgements and estimates, actual outcomes could be different.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected. The areas involving significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Impairment of intangible assets, goodwill and other non-current assets

Determining whether goodwill, intangible assets and other non-current assets are impaired requires an estimation of their recoverable amount which is the higher of either the value in use to the cash-generating units ('CGU') to which these assets belong or the fair value less costs of disposal. The value in use calculation requires appropriate forecasts of future cash flows expected to arise for the CGU and the selection of suitable discount rates and future growth rates. The Group reviews impairment of these assets at least on an annual basis, or more frequently if there is an indicator of impairment.

Further detail on the impairment testing of intangible assets, goodwill and non-current assets is disclosed in note 14.

Provisions

Provisions are established by the Group based on Management's assessment of relevant information and advice available at the time of preparing the Financial Statements. Outcomes are uncertain and dependent on future events. Where outcomes differ from Management's expectations, differences from the amount initially provided will impact profit or loss in the period the outcome is determined.

As disclosed in note 23, the Group's provisions principally relate to obligations arising from onerous lease property provisions, customer contract provisions, restructuring provisions and retirement benefit obligations. Further details of specific estimates used in arriving at these provisions are provided in the note.

Providing for doubtful debts

The Group provides services and equipment to business and public sector customers, mainly on credit terms. Management know that certain debts due to us will not be paid through the default of a small number of our customers. Estimates, based on our historical experience, are used in determining the level of debts that we believe will not be collected. These estimates include such factors as the current state of the economy, particular industry issues and the individual credit risk assessed against each customer. Refer to note 24 for further details on credit risk.

The level of overdue outstanding debt in France has required Management to increase its estimate of debt that may not be collected. Some of the debt is of considerable age and has not been collected due to legacy issues related to the move to the SAP ERP platform in 2013 and subsequently to the Finance Shared Service Centre environment in 2014. Management reviews the overdue debt position weekly and estimates the provision required accordingly.

The value of the provision for doubtful debts is disclosed in note 17.

2 Summary of significant accounting policies continued

Taxation

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

The amounts recognised in the consolidated financial statements for the deferred tax asset in Germany are derived from the Group's best estimation, as described above. Recognition therefore involves estimates regarding the future financial performance of the particular legal entity in which the deferred tax asset has been recognised.

Historical differences between forecast and actual taxable profits resulted in the derecognition of the French deferred tax asset in 2013.

In arriving at the current and deferred tax liability the Group has taken account of tax issues that are subject to ongoing discussions with the relevant tax authorities. Liabilities have been calculated based on Management's assessment of relevant information and advice. Where outcomes differ from the amounts initially recorded, such differences impact current and deferred tax amounts in the period the outcome is determined.

Further details on the deferred tax balances held at 31 December 2014 are disclosed in note 9d.

Revenue recognition

For a limited number of Support and Managed Services contracts, an estimate of the total contract costs and total contract revenues is required to determine the stage of completion.

The Group accounts for these contracts using the percentage-of-completion (units of work) method, recognising revenue and direct costs as performance on the contract progresses through the recorded utilisation of our services. This method places considerable importance on accurate estimates of the extent of progress towards completion of the contract and may involve estimates on the scope of services required for fulfilling the contractually defined obligations. These significant estimates include total contract costs, total contract revenues, contract risks, including technical risks, and other judgements. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue recognised at a point in time.

When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent that expenses incurred are eligible to be recovered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration.

Critical Judgements

Judgements made by Management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Exceptional items

Management is required to exercise its judgement in the classification of certain items as exceptional and outside the Group's adjusted results.

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.

Management have considered the materiality, infrequency and nature of the French Social Plan against the requirements and guidance provided by IAS 1, our Group accounting policies and recent press releases from the FRC. Management judged that classifying the scale and transformative nature of the restructuring programme in France and the subsequent expense related to the French Social Plan as an exceptional item in the income statement provides the best guidance as to the underlying profitability trends within the Group and to present the results of the Group in accordance with the policy above.

During 2014 the reversal of the unutilised portion of our onerous Managed Services customer contracts provision was classified as an exceptional item as the original expense related to the provision was classified as such in 2013.

Asset held for sale

Management made a judgement in deciding that the sale of its subsidiary, R.D. Trading Limited should not be accounted for as an asset held for sale under the Group's relevant accounting policy disclosed later in this note. Management considered the timeline of events from the unsolicited enquiry from the purchaser near the end of the reporting period through to the rapid conclusion of the sale process on 2 February 2015, among other factors, when making the judgement.

Management had neither a programme for disposal of the asset or a plan to market the subsidiary for sale to any other party during 2014 or 2015. The sale process began following the purchaser's opportunistic approach in late 2014.

Management did not consider the sale of the subsidiary probable at the end of the reporting period, based on the stage of discussions with the purchaser.

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.

Goodwill

Business combinations are accounted for under IFRS 3 (Revised) using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised. Any goodwill asset arising on the acquisition of equity accounted entities is included within the cost of those entities.

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

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

2 Summary of significant accounting policies continued

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.

Inventories

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

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

Financial assets

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

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

Trade and other receivables

Trade receivables, which generally have 30 to 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.

Derivative financial instruments and hedge accounting

The Group uses foreign currency forward contracts to hedge its foreign currency risks associated with foreign currency fluctuations affecting cash flows from forecasted transactions and unrecognised firm commitments.

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.

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.

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 administrative expenses.

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

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

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

Foreign currency translation

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

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

The functional currencies of the material 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.

2 Summary of significant accounting policies continued

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.

Customer contract provisions

Contractual Services revenue includes revenue from Support Services and Managed Services contracts.

On a limited number of these 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.

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

The Group has elected to apply IAS 11 in its assessment of whether contracts are considered onerous and in subsequently estimating the provision as IAS 18 considers the requirements of IAS 11 are generally applicable to the recognition of revenue and the associated expenses for a transaction involving the rendering of services.

A contract that is accounted for under IAS 11 that is considered potentially onerous is assessed according to the recognition of expected losses in IAS 11 ahead of the onerous contract guidance in IAS 37 and considers total estimated costs (i.e. directly attributable variable costs and fixed allocated costs) as included in the assessment of whether the contract is onerous or not and in the measurement of the provision.

Restructuring provisions

The Group recognises a 'restructuring' provision when there is a programme planned and controlled by Management that materially changes the scope of the business or the manner in which it is conducted.

Further to the Group's general provision recognition policy, a restructuring provision is only considered when the Group has a detailed formal plan for the restructuring identifying, as a minimum, the business or part of the business concerned; the principal locations affected; the location, function and approximate number of employees who will be compensated for terminating their services; the expenditures that will be undertaken and when the plan will be implemented.

The Group will only recognise a specific restructuring provision once a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The Group only includes incremental costs associated directly with the restructuring within the restructuring provisions such as employee termination benefits that relate directly to the restructuring and consulting fees that relate directly to the restructuring. The Group specifically excludes from recognition in a restructuring provision any costs associated with ongoing activities such as the costs of training or relocating staff that are redeployed within the business rather than retrenched and costs for employees who continue to be employed in ongoing operations, regardless of the status of these operations post-restructure.

Pensions and other post-employment benefits

The Group operates a defined contribution pension 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 other material pension schemes within the Group's overseas operations.

The Group has an obligation to make a one-off payment to French employees upon retirement, the Indemnités de Fin de Carrière ('IFC').

French employment law requires that a company pays employees a one-time contribution when (and only when) the employee leaves the company for retirement at the mandatory age. This is a legal requirement for all businesses who incur the obligation upon departure, due to retirement, of an employee.

Typically the retirement benefit is based on length of service of the employee and his or her salary at retirement. The amount is set via a legal minimum but the retirement premiums can be improved by the collective agreement or employment contract in some cases. In Computacenter France, the payment is based on accrued service and ranges from 1 month of salary after 5 years service to 9.4 months of salary after 47 years of service.

If the employee leaves voluntarily at any point before retirement, all liability is extinguished and any accrued service is not transferred to any new employment.

Previously, due to the lack of materiality of the obligation, Management had made an accrual through the income statement and expensed any payments as they occurred. This reporting period Management has recorded the previously unrecognised unrealised actuarial losses through reserves in the consolidated statement of comprehensive income and reclassified the obligation, in the current year, as a provision and will continue to account for this obligation according to IAS 19 (revised) in future periods. Due to the materiality of the obligation, Management considers no further disclosures are relevant at this time.

Taxation

Current tax

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

Deferred tax

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

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

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

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

Sales tax

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

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

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

Revenue

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

Supply Chain

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

Professional Services

Revenue is recognised when receivable under a contract following delivery of a service or in line with the stage of work completed. The stage of completion is determined by reference to the costs incurred as a proportion of the total estimated costs of the contract and unbilled revenue is recognised within accrued income. If the total estimated costs and revenues of a contract cannot be reliably estimated, revenue is recognised only to the extent that costs have been incurred. A provision is made as soon as a loss is foreseen.

Contractual Services

Contractual Services revenue includes revenue from Support Services and Managed Services contracts, and is recognised as services are delivered. Unrecognised contracted revenue is included as deferred income in the balance sheet. Amounts invoiced relating to more than one period are deferred and recognised over their relevant life. 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.

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 that it is probable will be recoverable.

Bid and set-up costs

The Group operates in a highly competitive environment and is frequently involved in contract bids with multiple competitors with the outcome usually unknown until the contract is awarded and signed.

Any bid costs incurred by the Group's Central Bid Management Engines are not capitalised or charged to the contract, but instead directly charged to selling, general and administrative expenses as they are incurred. These costs associated with bids are not separately identifiable nor can they be measured reliably as the Group's internal bid teams work across multiple bids at any one time. Further, it cannot be assessed as probable that the contract will be obtained until the tender process has completed and the contract has been awarded.

Finance income

Income is recognised as interest accrues.

Dividends

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

Operating lease income

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

2 Summary of significant accounting policies continued

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 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 26).

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.

Fair value measurement

The Group measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in note 24.

Non-current assets held for sale and discontinued operations

Assets held for sale

Non-current assets are classified separately as held for sale in the Balance Sheet when their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when:

- The sale is highly probable;
- The asset is available for immediate sale in its present condition;
- Management have an approved programme to market and sell the asset or an approved plan for disposal; and
- Management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification

Liabilities directly associated with the assets classified as held for sale and expected to be included as part of the sale transaction are correspondingly also classified separately. Property, plant and equipment and intangible assets once classified as held for sale are not subject to depreciation or amortisation. The net assets and liabilities of a disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Discontinued operations

A discontinued operation is considered to be a component of the Group that has either been disposed of, or that is classified as held for sale, which represents a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose of a separate line of business or geographical area of operations.

3 Segment information

For management purposes, the Group is organised into geographical segments, with each segment determined by the location of the Group's assets and operations. The Group's business in each geography is managed separately and held in separate statutory entities.

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

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

Segmental performance for the years ended 31 December 2014 and 2013 was as follows:

Year ended 31 December 2014

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Revenue					
Supply Chain revenue	919,342	774,913	393,406	34,580	2,122,241
Services revenue					
Professional Services	128,901	108,950	19,752	2,113	259,716
Contractual Services	368,663	283,203	57,957	15,979	725,802
Total Services revenue	497,564	392,153	77,709	18,092	985,518
Total revenue	1,416,906	1,167,066	471,115	52,672	3,107,759
Results					
Adjusted gross profit	219,789	151,682	31,757	6,120	409,348
Administrative expenses	(154,259)	(124,906)	(40,592)	(4,057)	(323,814)
Adjusted operating profit/(loss)	65,530	26,776	(8,835)	2,063	85,534
Adjusted net interest	942	452	(929)	(125)	340
Adjusted profit/(loss) before tax	66,472	27,228	(9,764)	1,938	85,874
Exceptional items:					
– onerous contracts	–	1,540	–	–	1,540
– exceptional items	–	–	(9,128)	–	(9,128)
	–	1,540	(9,128)	–	(7,588)
Amortisation of acquired intangibles	(551)	(1,232)	–	(85)	(1,868)
Statutory profit/(loss) before tax	65,921	27,536	(18,892)	1,853	76,418
Other segment information					
Property, plant and equipment	53,719	16,540	8,009	1,672	79,940
Intangible assets	70,431	17,833	69	2,011	90,344
Capital expenditure:					
Property, plant and equipment	4,802	7,344	759	1,172	14,077
Software	5,078	412	4	–	5,494
Depreciation	10,719	7,505	2,047	127	20,398
Amortisation of software	10,018	706	83	–	10,807
Share-based payments	2,531	215	64	–	2,810

3 Segment information continued

Year ended 31 December 2013

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Revenue					
Supply Chain revenue	828,097	859,404	389,517	29,195	2,106,213
Services revenue					
Professional Services	113,102	104,446	20,794	3,716	242,058
Contractual Services	344,930	307,592	56,008	15,274	723,804
Total Services revenue	458,032	412,038	76,802	18,990	965,862
Total revenue	1,286,129	1,271,442	466,319	48,185	3,072,075
Results					
Adjusted gross profit	200,097	158,051	38,320	6,006	402,474
Administrative expenses	(143,926)	(127,403)	(45,603)	(4,164)	(321,096)
Adjusted operating profit/(loss)	56,171	30,648	(7,283)	1,842	81,378
Adjusted net interest	791	173	(561)	(117)	286
Adjusted profit/(loss) before tax	56,962	30,821	(7,844)	1,725	81,664
Exceptional items:					
– onerous contracts	–	(15,739)	–	–	(15,739)
– impairment of intangibles	–	–	(12,195)	–	(12,195)
– exceptional items	3,466	(3,105)	(1,191)	–	(830)
	3,466	(18,844)	(13,386)	–	(28,764)
Amortisation of acquired intangibles	(792)	(1,225)	(242)	(116)	(2,375)
Statutory profit/(loss) before tax	59,636	10,752	(21,472)	1,609	50,525
Other segment information					
Property, plant and equipment	60,332	18,063	9,948	701	89,044
Intangible assets	75,734	20,901	155	2,114	98,904
Capital expenditure:					
Property, plant and equipment	5,556	3,927	1,275	85	10,843
Software	14,883	597	64	–	15,544
Depreciation	11,658	8,850	2,111	116	22,735
Amortisation of software	6,516	816	131	1	7,464
Share-based payments	838	(2)	234	–	1,070

Information about major customers

Included in revenues arising from the UK segment are revenues of approximately £285 million (2013: £280 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):

	2014 £'000	2013 £'000
Auditors' remuneration:		
Audit of the financial statements	419	437
Audit of subsidiaries	64	64
Total audit fees	483	501
Audit related assurance services	42	41
Taxation compliance services	30	34
Taxation advisory services	43	67
Total non-audit services	115	142
Total fees	598	643
Depreciation of property, plant and equipment	20,398	22,735
Loss/(profit) on disposal of property, plant and equipment	676	(238)
Loss on disposal of intangible assets	1	745
Impairment of acquired intangibles	-	12,195
Amortisation of software	10,807	7,464
Amortisation of other intangible assets	1,868	2,375
Net foreign currency differences	(456)	271
Costs of inventories recognised as an expense	1,902,479	1,878,999
Operating lease payments – minimum lease payments	53,924	32,768

5 Exceptional items

	2014 £'000	2013 £'000
Operating profit		
Redundancy and other restructuring costs	(9,128)	(4,291)
Onerous contracts	1,540	(15,739)
Impairment of acquired intangible assets	-	(12,195)
Impairment of investment in associate	-	(539)
Services contracts re-valuation	-	4,000
	(7,588)	(28,764)
Income tax		
Tax on onerous contracts included in operating profit	(185)	1,889
Tax on impairment of acquired intangible assets	-	1,014
Tax on exceptional items included in operating profit	-	(700)
Total tax on exceptional items	(185)	2,203
Exceptional tax items		
– Deferred tax asset in respect of France	-	(2,184)
– Tax credit in relation to prior year R&D claim	-	1,695
	(185)	1,714
Exceptional items after taxation	(7,773)	(27,050)

Included within the current year are the following exceptional items:

Computacenter France has incurred an exceptional charge of £9.1 million relating to the estimated costs of a comprehensive restructuring plan with the Group's French business.

The substantial restructuring exercise currently underway aims to reduce the cost base, improve the competitiveness and therefore improve the profitability of the Group's French business.

5 Exceptional items continued

In line with our accounting policy, Management has elected under IAS 1 to report this provision under the heading of 'Exceptional Items' due to the materiality, infrequency and nature of the restructuring plan. This election provides the best guidance to users of our external reporting as to the underlying profitability trends within the Group and to present the results of the Group in a way that is fair, balanced and understandable. Excluding the costs related to the restructuring plan is consistent with treatments of similar costs in prior periods and presents the adjusted profit before tax in a way that enables users to better assess the quality of the Group's underlying profitability.

The Group's three onerous contracts have performed within the provisions previously taken, and one of these contracts came to an end as of 30 September 2014. A related legal dispute with a sub-contractor on one of these contracts, that was previously provided for, has now been resolved. Given these factors and ongoing operational improvements within two remaining contracts, Management has revised its estimates of the losses to be incurred. On this basis the Group has released £1.5 million of the provision. As the onerous contracts were previously treated as an exceptional item on recognition, the write back of the provision has also been released as an exceptional item.

Included within the prior year are the following exceptional items:

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

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

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

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

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

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

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

During 2013 a deferred tax asset relating to losses carried forward in France was written off for £2.2 million.

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

6 Staff costs and Directors' emoluments

	2014 £'000	2013 £'000
Wages and salaries	542,594	544,954
Social security costs	84,682	85,908
Share-based payments	2,810	1,070
Pension costs	20,595	20,069
	651,907	652,001

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

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

	2014 No.	2013 No.
UK	5,770	5,385
Germany	5,044	5,093
France	1,858	1,856
Belgium	287	257
	12,959	12,591

7 Finance income

	2014 £'000	2013 £'000
Bank interest receivable	1,510	1,340
Other interest received	105	11
	1,615	1,351

8 Finance costs

	2014 £'000	2013 £'000
Bank loans and overdrafts	969	627
Finance charges payable on customer specific financing	570	787
Other interest	305	438
	1,844	1,852

9 Income tax

a) Tax on profit on ordinary activities

	2014 £'000	2013 £'000
Tax charged in the income statement		
Current income tax		
UK corporation tax		
– operating result	17,048	14,395
– exceptional items	–	(891)
Total UK corporation tax	17,048	13,504
Foreign tax		
– operating result	5,820	5,031
– exceptional items	(459)	(1,994)
Total foreign tax	5,361	3,037
Adjustments in respect of prior periods	191	(509)
Total current income tax	22,600	16,032
Deferred tax		
Operating result		
– origination and reversal of temporary differences	(1,340)	139
– adjustments in respect of prior periods	(604)	25
Exceptional items	644	1,171
Total deferred tax	(1,300)	1,335
Tax charge in the income statement	21,300	17,367

9 Income tax continued**b) Reconciliation of the total tax charge**

	2014 £'000	2013 £'000
Accounting profit before income tax	76,418	50,525
At the UK standard rate of corporation tax of 21.49 per cent (2013: 23.25 per cent)	16,422	11,747
Expenses not deductible for tax purposes	1,173	802
Non-deductible element of share-based payment charge	60	54
Adjustments in respect of current income tax of previous periods	(413)	(485)
Higher tax on overseas earnings	1,417	1,511
Other differences	(688)	766
Effect of changes in tax rate on deferred tax	-	(262)
Utilisation of previously unrecognised deferred tax assets	(3,238)	(3,169)
Exceptional changes in recoverable amounts of deferred tax assets	-	2,185
Tax on impairment of acquired intangible assets	-	(1,014)
Overseas tax not based on earnings	1,345	1,554
Tax credit in relation to prior year R&D claim	-	(1,695)
Deferred tax not recognised on current year losses	5,222	5,373
At effective income tax rate of 27.9 per cent (2013: 34.4 per cent)	21,300	17,367

c) Tax losses

Deferred tax assets of £12.2 million (2013: £13.5 million) have been recognised in respect of losses carried forward.

In addition, at 31 December 2014, there were unused tax losses across the Group of £115.8 million (2013: £125.4 million) for which no deferred tax asset has been recognised. Of these losses, £35.9 million (2013: £54.5 million) arise in Germany and £78.9 million (2013: £67.6 million) arise in France. A significant proportion of the losses arising in Germany have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

None of the recognised or unrecognised losses referred to above are subject to an expiry date under existing regulation enacted at the period end.

d) Deferred tax

Deferred income tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Deferred income tax liabilities				
Accelerated capital allowances	1,781	1,970	(189)	258
Effect of changes in tax rate on opening liability	-	-	-	267
Amortisation of intangibles	976	1,354	(309)	1,277
Gross deferred income tax liabilities	2,757	3,324		
Deferred income tax assets				
Relief on share option gains	1,645	1,142	(502)	(55)
Other temporary differences	3,204	2,501	(1,118)	1,562
Effect of changes in tax rate on opening asset	-	-	-	(109)
Revaluations of foreign exchange contracts to fair value	54	326	273	320
Losses available for offset against future taxable income	12,155	13,580	545	(2,185)
Gross deferred income tax assets	17,058	17,549		
Deferred income tax (credit)/charge			(1,300)	1,335
Net deferred income tax asset	14,301	14,225		
Disclosed on the balance sheet				
Deferred income tax asset	15,049	15,172		
Deferred income tax liability	(748)	(947)		
Net deferred income tax asset	14,301	14,225		

At 31 December 2014, there was no recognised or unrecognised deferred income tax liability (2013: £nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group expects that future remittances of earnings from its overseas subsidiaries will be covered by the UK dividend exemption.

e) Impact of rate change

The main rate of UK corporation tax will be reduced to 20 per cent from 1 April 2015, as enacted in the Finance Act 2013. The deferred tax in these financial statements reflects this.

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 assist with the understanding of the underlying performance of the Group. Accordingly the adjusted basic and adjusted diluted EPS figures exclude amortisation of acquired intangibles and exceptional items.

	2014 £'000	2013 £'000
Profit attributable to equity holders of the parent	55,117	33,160
Amortisation of acquired intangibles	1,868	2,375
Tax on amortisation of acquired intangibles	(238)	(244)
Exceptional items within operating profit	7,588	28,764
Tax on exceptional items included in operating profit	185	(2,203)
Exceptional tax items	–	489
Profit before amortisation of acquired intangibles and exceptional items	64,520	62,341

	2014 £'000	2013 £'000
Basic weighted average number of shares (excluding own shares held)	135,985	142,665
Effect of dilution:		
Share options	1,784	1,428
Diluted weighted average number of shares	137,769	144,093

	2014 pence	2013 pence
Basic earnings per share	40.5	23.2
Diluted earnings per share	40.0	23.0
Adjusted basic earnings per share	47.4	43.7
Adjusted diluted earnings per share	46.8	43.3

Return of Value

On 20 February 2015 the Company effected a capital reorganisation under which each ordinary share of 6²/₃ pence was divided into one ordinary share of 7⁵/₉ pence and one B share of 0.01 pence. Following this sub-division every 17 ordinary shares were consolidated into 15 ordinary shares of 7⁵/₉ pence. The holders of the B shares could elect to either sell the shares or receive a one-off dividend payment. Both options were remitted to shareholders on 10 March 2015. This return of value is not expected to impact earnings per share in future periods. Further details of this transaction are given in note 32.

11 Dividends paid and proposed

	2014 £'000	2013 £'000
Declared and paid during the year:		
Equity dividends on Ordinary Shares:		
Final dividend for 2013: 12.3 pence (2012: 10.5 pence)	16,636	15,759
Interim dividend for 2014: 5.9 pence (2013: 5.2 pence)	8,037	7,038
	24,673	22,797
Proposed (not recognised as a liability as at 31 December)		
Equity dividends on Ordinary Shares:		
Final dividend for 2014: 13.1 pence (2013: 12.3 pence)	15,737	16,706

12 Property, plant and equipment

	Freehold land and buildings £'000	Short leasehold improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Total £'000
Cost				
At 1 January 2013	78,004	23,405	163,270	264,679
Additions	–	2,786	8,057	10,843
Disposals	–	(865)	(12,907)	(13,772)
Foreign currency adjustment	(5)	(92)	(503)	(600)
At 31 December 2013	77,999	25,234	157,917	261,150
Additions	1,069	1,442	11,566	14,077
Disposals	–	(2,717)	(9,282)	(11,999)
Foreign currency adjustment	(110)	(1,199)	(3,709)	(5,018)
At 31 December 2014	78,958	22,760	156,492	258,210
Accumulated depreciation and impairment				
At 1 January 2013	33,187	12,923	117,873	163,983
Provided during the year	2,241	3,175	17,319	22,735
Disposals	(400)	(776)	(11,890)	(13,066)
Foreign currency adjustment	(1)	(1,709)	164	(1,546)
At 31 December 2013	35,027	13,613	123,466	172,106
Provided during the year	2,274	2,996	15,128	20,398
Disposals	–	(2,650)	(8,629)	(11,279)
Foreign currency adjustment	(11)	(1,009)	(1,935)	(2,955)
At 31 December 2014	37,290	12,950	128,030	178,270
Net book value				
At 31 December 2014	41,668	9,810	28,462	79,940
At 31 December 2013	42,972	11,621	34,451	89,044
At 1 January 2013	44,817	10,482	45,397	100,696

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	
	2014 £'000	2013 £'000
Cost		
At 1 January	74,971	76,097
Additions	1,888	1,235
Disposals	(7,205)	(2,922)
Foreign currency adjustment	(1,114)	561
At 31 December	68,540	74,971
Accumulated depreciation and impairment		
At 1 January	63,785	60,003
Charge for year	4,550	6,647
Disposals	(6,858)	(3,036)
Foreign currency adjustment	(624)	171
At 31 December	60,853	63,785
Net book value	7,687	11,186

13 Intangible assets

	Goodwill £'000	Software £'000	Acquired intangible assets £'000	Total £'000
Cost				
At 1 January 2013	56,775	72,504	18,444	147,723
Additions	–	15,544	–	15,544
Disposals	–	(4,583)	–	(4,583)
Foreign currency adjustment	640	123	598	1,361
At 31 December 2013	57,415	83,588	19,042	160,045
Additions	–	5,494	–	5,494
Disposals	–	(557)	–	(557)
Foreign currency adjustment	(1,556)	(645)	(769)	(2,970)
At 31 December 2014	55,859	87,880	18,273	162,012
Amortisation and impairment				
At 1 January 2013	–	34,583	8,528	43,111
Charged during the year	–	7,464	2,375	9,839
Impairment	9,271	–	2,924	12,195
Disposals	–	(3,941)	–	(3,941)
Foreign currency adjustment	(208)	55	124	(29)
At 31 December 2013	9,063	38,161	13,951	61,175
Charged during the year	–	10,807	1,868	12,675
Disposals	–	(555)	–	(555)
Foreign currency adjustment	(570)	(389)	(668)	(1,627)
At 31 December 2014	8,493	48,024	15,151	71,668
Net book value				
At 31 December 2014	47,366	39,856	3,122	90,344
At 31 December 2013	48,352	45,427	5,091	98,870
At 1 January 2013	56,775	37,921	9,916	104,612

In the prior year, Management considered that the deterioration in the performance of Computacenter France during 2013 provided sufficient evidence to test the non-financial assets in the business for impairment as at 31 December 2013. Computacenter France, which is equivalent to the France segment, was the cash generating unit ('CGU') at which impairment was assessed. The recoverable amount of the Computacenter France CGU was determined based on a value-in-use calculation. The discount rate used was 12 per cent (2013: 12 per cent). As a result of the deterioration in performance, an impairment of £12.2 million was recognised in this CGU, which resulted in impairment to goodwill and acquired customer relationships.

14 Impairment testing of goodwill, other intangible assets and other non-current assets

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

- Computacenter (UK) Limited
- R.D. Trading Limited
- Computacenter Germany
- Computacenter France
- Computacenter Switzerland
- NEWIS SA and Informatic Services IS SA (together 'Belgium IS')

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

14 Impairment testing of goodwill, other intangible assets and other non-current assets continued**Movements in goodwill**

	Computacenter (UK) Limited £'000	R.D. Trading £'000	Computacenter Germany £'000	Computacenter France £'000	Damax AG £'000	Belgium IS £'000	Total £'000
1 January 2013	30,429	835	14,628	8,903	900	1,080	56,775
Impairment	–	–	–	(9,271)	–	–	(9,271)
Foreign currency adjustment	–	–	259	368	7	214	848
31 December 2013	30,429	835	14,887	–	907	1,294	48,352
Foreign currency adjustment	–	–	(939)	–	(45)	(2)	(986)
31 December 2014	30,429	835	13,948	–	862	1,292	47,366
Market growth rate	2.5%	2.5%	2.5%	1.5%	1.5%	1.5%	
Discount rate	11.0%	11.0%	11.0%	12.0%	12.0%	15.0%	

Key assumptions used in value in use calculations

The recoverable amounts of all six CGUs have been determined based on a value-in-use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a three-year period and on long-term market growth rates of between 1.5 and 2.5 per cent (2013: between 1.5 and 2.5 per cent) thereafter.

Key assumptions used in the value-in-use calculation for all CGUs for 31 December 2014 and 31 December 2013 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 (2013: 11.0 to 15.0 per cent) which represents the Group's pre-tax discount rate adjusted for the risk profiles of the individual CGUs.

Each CGU generates value substantially in excess of the carrying value of goodwill attributed to each of them. Management therefore believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

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.

Other non-current assets

When there is an indication of impairment within a CGU, the carrying value of the non-current assets are compared to their recoverable amount which is the higher of the assets' fair value less costs of disposal or the value-in-use of the CGU calculated as described above.

In France, a shortfall from the financial budgets approved by Management, or 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.

15 Investments**a) Investment in associate**

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

	2014 £'000	2013 £'000
Cost		
At 1 January	594	585
Share of associates profit	–	10
Exchange rate movement	(3)	(1)
At 31 December	591	594
Impairment		
At 1 January	(549)	(10)
Charge for year	–	(539)
At 31 December	(549)	(549)
Carrying value	42	45

Gonicus GmbH

The Group has a 20 per cent (2013: 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 (2013: 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. The reporting date of ICS is 30 June.

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	
			2014	2013
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%
R.D. Trading Limited	England	IT Asset Management	100% ¹	100% ¹
Computacenter PSF SA	Luxembourg	IT Infrastructure services	100%	100%
Computacenter USA	USA	IT Infrastructure services	100% ¹	100% ¹
Computacenter Services (Iberia) SLU	Spain	International Call Centre Services	100% ¹	100% ¹
Digica Group Holdings Limited	England	IT infrastructure and application services	100%	100%
Computacenter Services and Solutions (Pty) Ltd	South Africa	IT Infrastructure services	100% ¹	100% ¹
Computacenter AG	Switzerland	IT Infrastructure services	80%	80%
Informatic Services IS SA	Belgium	IT Infrastructure services	100% ³	100% ³
Computacenter Services (Malaysia) Sdn Bhd	Malaysia	International Call Centre Services	100% ¹	100% ¹
Computacenter Services Kft	Hungary	International Call Centre Services	100% ¹	100% ¹
Computacenter India Private Limited	India	International Call Centre Services	100% ¹	100% ¹

1. Includes indirect holdings of 100 per cent via Computacenter (UK) Limited.
2. Includes indirect holdings of 100 per cent via Computacenter Holding GmbH.
3. Includes indirect holdings of 100 per cent via Computacenter NV/SA.

Computacenter plc is the ultimate parent entity of the Group.

The Group has taken advantage of the exemption under S410(1)(2) CA 2006 and has disclosed those undertakings who principally affect the results or assets of the Group. The full details of all subsidiaries will be annexed to the next annual return.

Update on acquisitions

- 1) On 28 December 2012 the Group acquired 100 per cent of the voting shares of NEWIS SA and its subsidiary, Informatic Services IS SA for a cash consideration of €2.3 million. Additional consideration of €0.6 million (£0.5 million, translated as at the date of the payment of February 2014) was paid, based on the terms of the Purchase Agreement. Details of the book and fair values of the net assets acquired are disclosed in note 16 of the December 2012 Annual Report and Accounts.
- 2) On 21 July 2011 the Group acquired 80 per cent of Damax AG in Switzerland for an initial consideration of CHF 7.2 million, and agreed to purchase the remaining 20 per cent by mid-2015 for a maximum consideration of CHF 3.2 million dependent upon the achievement of agreed performance criteria over the following three and a half years. It is highly probable that the maximum deferred consideration will be payable. Details of the book and fair values of the net assets acquired are disclosed in note 16 of the December 2011 Annual Report and Accounts.

16 Inventories

	2014 £'000	2013 £'000
Inventories for re-sale	50,006	58,618

17 Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	686,253	657,893
Other receivables	9,662	9,829
	695,915	667,722

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

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

Note 24 sets out the Group's strategy towards credit risk.

17 Trade and other receivables continued

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

	2014 £'000	2013 £'000
At 1 January	14,964	14,076
Charge for the year	11,847	10,696
Utilised	(5,389)	(5,220)
Unused amounts reversed	(3,775)	(4,791)
Foreign currency adjustment	(810)	203
At 31 December	16,837	14,964

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
2014	686,253	568,707	69,814	21,276	6,515	5,245	14,695
2013	657,893	548,629	68,627	16,679	6,065	6,522	11,371

Of the amount of £26,455,000 (2013: £23,958,000) which is 60 or more days past due but not impaired, £17,559,000 (2013: £17,631,000) relates to Computacenter France.

18 Cash and short-term deposits

	2014 £'000	2013 £'000
Cash at bank and in hand	129,865	43,098
Short-term deposits	–	48,000
	129,865	91,098

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 £129,865,000 (2013: £91,098,000).

Due to strong cash generation over the past three years, the Group is now in a position where it can finance its requirements from its cash balance. The Group does, however, retain overdraft facilities where required. The uncommitted overdraft facilities available to the Group are £16.1 million at 31 December 2014 (2013: £17.3 million). During 2013 the Group entered into a specific committed facility of £40.0 million for a three-year term which was due to expire in May 2016. In February 2015 this facility was extended at the same value through to February 2018. At 31 December 2014 the facility was not utilised.

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

	2014 £'000	2013 £'000
Cash at bank and in hand	129,865	43,098
Short-term deposits	–	48,000
Bank overdrafts (note 20)	(719)	(764)
	129,146	90,334

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.

19 Trade and other payables

	2014 £'000	2013 £'000
Trade payables	423,164	409,746
Other payables	212,115	195,199
	635,279	604,945

Terms and conditions of the above financial liabilities:

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

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

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

20 Financial liabilities

	2014 £'000	2013 £'000
Current		
Bank overdrafts	719	764
Other loans – 'CSF'	2,616	1,194
Other loans – 'Non-CSF'	517	–
Bank loan	116	37
Current obligations under finance leases – 'CSF' (note 22)	2,882	6,152
	6,850	8,147
Non-current		
Bank loan	4	29
Other loans – 'CSF'	–	6,087
Non-current obligations under finance leases – 'CSF' (note 22)	3,814	5,424
	3,818	11,540

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

Bank overdrafts

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

Finance leases

The finance leases are only secured on the assets that they finance. These assets are in the main used to satisfy specific customer contracts. There are a small number of assets that are utilised internally.

Bank loans

The bank loans are unsecured and comprise the following:

	Maturity date	Interest rate	£'000
31 December 2014			
	2015	3.62% – 3.89%	116
	2016	2.23%	4
			120
Less: current instalments due on bank loans			(116)
Non-current instalments			4
	Maturity date	Interest rate	£'000
31 December 2013			
	2015	3.02% – 3.89%	51
	2016	2.23%	15
			66
Less: current instalments due on bank loans			(37)
Non-current instalments			29

Other loans

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

Other loans comprise the following:

	Maturity date	Interest rate	£'000
31 December 2014			
	2015	1.75% – 6.67%	3,133
Less: current instalments due on other loans			(3,133)
			–
	Maturity date	Interest rate	£'000
31 December 2013			
	2014	0% – 2.76%	602
	2015	1.75% – 6.67%	6,679
			7,281
Less: current instalments due on other loans			(1,194)
			6,087

20 Financial liabilities continued

The table below summarises the maturity profile of these loans:

	2014 £'000	2013 £'000
Not later than one year	3,133	602
After one year but not more than five years	–	6,679
	3,133	7,281

The finance lease and loan facilities are committed.

Facilities

At 31 December 2014, the Group had available £16.1 million of uncommitted overdraft facilities (2013: £17.3 million).

21 Forward currency contracts

	2014 £'000	2013 £'000
Financial instruments at fair value through profit and loss		
Foreign exchange forward contracts	2,296	(957)
Financial instruments at fair value through other comprehensive income		
Cash flow hedges		
Foreign exchange forward contracts	(251)	(1,403)
	2,045	(2,360)

Cash flow hedges

Financial assets and liabilities at fair value through other comprehensive income

These amounts reflect the change in the fair value of foreign exchange forward contracts designated as cash flow hedges which are used to hedge 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 at fair value through profit or loss

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

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

Effectiveness of Hedging

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

The cash flow hedges of the forecasted costs were assessed to be highly effective and a net unrealised loss of £251,000 (2013: £1,403,000) with a deferred tax asset of £54,000 (2013: £326,000) relating to the hedging instruments is included in the other comprehensive income. The amounts retained in other comprehensive income of £251,000 are expected to mature and affect the income statement between 2015 and 2017.

22 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:

	2014		2013	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	3,538	2,882	6,545	6,152
After one year but not more than five years	3,604	3,814	5,783	5,424
	7,142	6,696	12,328	11,576
Future finance charges	(446)		(752)	
Present value of finance lease obligation	6,696		11,576	

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:

	2014 £'000	2013 £'000
Within one year	34,248	45,120
After one year but not more than five years	52,302	66,921
More than five years	13,357	14,276
	99,907	126,317

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:

	2014 £'000	2013 £'000
Within one year	2,651	4,967
After one year but not more than five years	3,796	5,878
	6,447	10,845

The amounts receivable are directly related to the finance lease obligations detailed in note 22a.

23 Provisions

	Customer contract provisions £'000	Other provision £'000	Property provisions £'000	Total provisions £'000
At 1 January 2014	9,551	82	6,821	16,454
Arising during the year	–	10,425	258	10,683
Transferred from other payables	–	2,127	–	2,127
Utilised	(4,577)	(2,710)	(1,671)	(8,958)
Provisions unused reversed	(1,540)	–	(107)	(1,647)
Exchange adjustment	(408)	(266)	(1)	(675)
At 31 December 2014	3,026	9,658	5,300	17,984
Current 2014	1,882	5,810	2,116	9,808
Non-current 2014	1,144	3,848	3,184	8,176
	3,026	9,658	5,300	17,984
<i>Current 2013</i>	4,268	82	1,655	6,005
<i>Non-current 2013</i>	5,283	–	5,166	10,449
	9,551	82	6,821	16,454

Customer contract provisions

Customer contract provisions are based on the Directors' best estimate of the amount of future losses to completion on certain contractual services contracts. Whilst there continues to be uncertainty around the future performance of these contracts and the exact timing of cashflows, this uncertainty continues to decrease due to the Group's experience in running these particular contracts. Management remains comfortable with the level of the provision. One of the three contracts ended in the final quarter of this year leaving only two provided for. Of the other two contracts, one is due to complete in June 2016 with the second due to complete in December 2016.

Property provisions

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

23 Provisions continued**Other provisions**

Included within other provisions are estimated costs associated with elements of the comprehensive transformation of the Group's French business. These included costs relate specifically to a material change in the employment base across the French Business known as the 'Social Plan'.

The nature of the costs provided for include termination payments and retraining and resettlement costs for terminated employees. Management implementation of the plan is largely complete with the individuals included within the Social Plan no longer working for the French business and the majority of the future cash flows of the costs provided at period end to occur in 2015.

The provision is based inter alia on assumptions concerning the duration of individual settlement payment programmes and the uptake of retraining and resettlement packages. There is some residual uncertainty relating to individual legal challenges to the implementation of the Social Plan. Having taken independent legal advice on this matter management has applied judgements which it considers reasonable in establishing the required provision.

Also included within other provisions is a provision against the Group's retirement benefit obligations in France under the Indemnités de Fin de Carrière ('IFC') as described in note 2. Economic outflows under the obligation only occur if eligible employees reach the statutory retirement age whilst still in employment. The Group paid out £16,000 during 2014 under this obligation.

In estimating the provision required, Management is required to make a number of assumptions. The key areas of estimation uncertainty are the discount rate applied to future cash flows, the turnover rate of employed personnel and rate of salary increase over the length of their projected employment. The level of unrealised actuarial gains or losses are sensitive to changes in the discount rate, which is affected by market conditions and therefore potentially subject to significant variation.

The net liability recognised in the balance sheet at 31 December 2014 in respect of the Group's French retirement benefit obligations under the IFC was £3.4 million. During the year the previously unrecognised unrealised actuarial losses have been recorded through reserves in the Statement of Other Comprehensive Income. This recognition is reflected above as 'arising during the year' for £1.2 million.

24 Financial instruments

An explanation of the Group's financial instrument risk management objectives, policies and strategies are set out in the Group Finance Director's review on pages 40 and 41.

Credit risk

The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are regularly monitored thereafter. The balance of trade receivables relates to customers for whom there is no recent history of default. In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date. The maximum exposure on trade receivables, as at the reporting date, is their carrying value.

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

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

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings, cash and short-term deposits and finance leases and loans for certain customer contracts. The Group's bank borrowings, existing committed and uncommitted facilities and deposits are at floating rates. No interest rate derivative contracts have been entered into. If long-term borrowings were to be utilised in the future, the Group's policy would be 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
2014		
Sterling	+25	255
Euro	+25	61
2013		
Sterling	+25	38
Euro	+25	45

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 2014 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 2014

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK	Euros	Sterling	€2,039,624	Jan 15	1.2513 – 1.2678
	Sterling	Dollars	£2,747,873	Jan 15 – Feb 15	1.5517 – 1.5756
	Sterling	Euros	£8,371,469	Jan 15 – Feb 16	1.2504 – 1.2786
	US Dollar	Sterling	\$38,241,444	Jan 15 – Apr 15	1.5529 – 1.6342
	Danish Kroner	Sterling	DKK 207,744	Jan 15	9.4749
	Swiss Francs	Sterling	CHF 500,00	Apr 15	1.5384
	HK Dollars	Sterling	HKD 400,000	Jan 15	12.0909
	Hungarian Forint	Sterling	HUF 407,200,000	Jan 15 – Jul 16	394.8716 – 398.0425
	SA Rand	Sterling	ZAR 374,143,726	Jan 15 – Dec 17	17.3776 – 21.5534
Germany	US Dollar	Euro	\$69,885,000	Jan 15 – Jan 16	1.2163 – 1.3445
	Hungarian Forint	Euro	HUF 1,103,500,000	Jan 15 – Jan 18	321.00 – 323.58
France	Hungarian Forint	Euro	HUF 628,969,730	Jan 15 – Oct 15	309.7486 – 319.77

31 December 2013

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK	Euros	Sterling	€2,715,853	Jan 14	1.1820 – 1.1871
	Sterling	Dollars	£9,240,524	Jan 14	1.5713 – 1.6489
	Sterling	Swiss Francs	£353,590	Apr 14	1.4141
	Sterling	Euros	£3,089,003	Jan – Feb 14	1.1722 – 1.2093
	Dollars	Sterling	\$39,894,698	Jan – Apr 14	1.5458 – 1.6478
	Danish Kroner	Sterling	DKK 43,695	Jan 14	8.9164
	Hungarian Forint	Sterling	HUF 135,000,000	Feb 14	350.9973 – 358.3415
	SA Rand	Sterling	ZAR 223,996,644	Jan 14 – Dec 15	14.9234 – 18.2271
	Germany	US Dollar	Euro	\$48,975,000	Jan – May 14

The gains or losses arising from changes in the fair value of the above contracts are detailed in note 21.

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 net asset of £2,045,000 (2013: £2,360,000 liability).

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.

24 Financial instruments continued**Liquidity risk**

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

	On demand £'000	<3 months £'000	3–12 months £'000	1–5 years £'000	>5 years £'000	Total £'000
Year ended 31 December 2014						
Financial liabilities	1,004	2,226	4,128	3,602	–	10,960
Derivative financial liabilities	–	114	222	53	–	389
Trade and other payables	–	638,662	–	–	–	–
	1,004	641,003	4,350	3,655		
Year ended 31 December 2013						
Financial liabilities	1,224	3,135	7,546	8,431	–	20,336
Derivative financial liabilities	–	1,148	842	370	–	2,360
Trade and other payables	–	604,316	–	–	–	604,316
	1,224	608,599	8,388	8,801	–	627,012

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 2014 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net asset of £2,045,000 (31 December 2013: £2,360,000 liability).

The realised losses from forward currency contracts in the period to 31 December 2014 of £4,405,000 (2013: £1,806,000), are offset by broadly equivalent realised gains on the related underlying transactions.

25 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 to 2.5 times. In 2014 the cover was 2.5 times, on a pre-exceptional basis (2013: 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 2013, a notional cash pooling arrangement was introduced, which Group companies can access and allows the Group to pool its funds.

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

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

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

	2014 £'000	2013 £'000
Net funds excluding CSF	128,509	90,271
Customer specific financing	(9,312)	(18,857)
Net funds	119,197	71,414

Each operating country manages working capital in line with Group policies. The key components of working capital, i.e. trade receivables, inventory and trade payables, are managed in accordance with an agreed number of days targeted in the budget process, in order to ensure efficient capital usage.

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

The Group regularly reviews the adequacy of its facilities against any foreseeable peak borrowing requirement. At 31 December 2014, the Group had available £16.1 million of uncommitted overdraft facilities (2013: £17.3 million of uncommitted overdraft and factoring facilities).

26 Issued capital and reserves

Authorised share capital

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

Ordinary Shares

Issued and fully paid	6p ordinary shares No. '000	6 ² / ₃ p ordinary shares No. '000	0.01p B shares No. '000	Total £'000
At 1 January 2013	153,908	–	–	9,234
Ordinary shares issued during the year for cash on exercise of share options	24	398	–	28
Bonus issue	–	–	153,932	15
Share redemption	–	–	(64,500)	(6)
Share consolidation	(153,932)	138,532	–	–
At 31 December 2013	–	138,930	89,432	9,271
Prior period correction	–	–	64,500	6
Ordinary shares issued during the year for cash on exercise of share options	–	82	–	6
At 31 December 2014	–	139,012	153,932	9,283

During the year, the issued share capital was increased by £6,000 by the issue of 82,000 ordinary shares of 6²/₃ pence each.

The holders of 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 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 27).

Return of Value

On 12 June 2013 the Company effected a capital reorganisation under which each ordinary share of 6 pence was divided into one ordinary share of 6²/₃ pence and one B share of 0.01 pence. Following this sub-division every 10 ordinary shares of 6 pence were consolidated into 9 ordinary shares of 6²/₃ pence. As a result of the 9 for 10 consolidation, 153,931,830 ordinary shares of 6 pence became 138,538,647 ordinary shares of 6²/₃ pence.

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

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 (2013: nil).

26 Issued capital and reserves continued**Own shares held**

Own shares held comprise the following:

i) Computacenter Employee Share Ownership Plan

Shares in the parent undertaking comprise 2,772,338 (2013: 3,065,133) 6²/₃ pence ordinary shares of Computacenter plc purchased by the Computacenter Employee Share Ownership Plan ('the Plan'). The principal purpose of the Plan is to be funded with shares that will satisfy discretionary executive share plans. The number of shares held represents 2.0 per cent (2013: 2.2 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 6²/₃ pence each in Computacenter plc under the other employee share plans of the Computacenter Group, namely the Computacenter Services Group plc Approved Executive Share Option Plan, the Computacenter Employee Share Option Scheme 1998, the Computacenter Services Group plc Unapproved Executive Share Option Scheme, the Computacenter Performance-Related Share Option Scheme 1998, the Computacenter Sharesave Plus Scheme and any future similar share ownership schemes.

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

The Plan Trustees have waived the dividends receivable in respect of 2,772,338 (2013: 3,065,133) shares that it owns which are all unallocated shares.

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

The total shares held are 94,162 (2013: 41,965), which represents 0.07 per cent (2013: 0.03 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 2014 was £552,260 (2013: £267,737). The Quest Trustees have waived dividends in respect of all of these shares. During the year the Quest subscribed for 77,959 (2013: 374,760) 6²/₃ pence ordinary shares.

Foreign currency translation reserve

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

27 Share-based payments**Executive share option scheme**

During the year, options were exercised with respect to 262,000 (2013: 317,000) 6²/₃ pence ordinary shares at a nominal value of £17,468 (2012: £21,134) at an aggregate premium of £644,492 (2013: £800,946). Prior to the Return of Value during 2013 options in respect of 124,000 6 pence ordinary shares, at a nominal value of £7,440 and at an aggregate premium of £320,695, were exercised. The total nominal value of options exercised during 2013 was £145,134 and the total aggregate premium was £1,121,641.

Under the Computacenter Employee Share Option Scheme 1998 and the Computacenter Services Group Executive Share Scheme, options in respect of nil (2013: nil) shares lapsed.

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

Date of grant	Exercisable between	Exercise price	2014 Number outstanding	2013 Number outstanding
02/04/2004	02/04/2007 – 01/04/2014	424.00p	–	4,000
24/10/2006	24/10/2011 – 23/10/2016	250.00p	300,000	558,000
17/04/2007	17/04/2012 – 16/04/2017	285.00p	30,000	30,000
			330,000	592,000

Please refer to the information given in the Directors' interest in share incentive schemes table in the Annual Remuneration report on page 70 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.

	2014 No.	2014 WAEP	2013 No.	2013 WAEP
Executive share option scheme				
Outstanding at the beginning of the year ¹	592,000	£2.53	1,033,000	£2.56
Forfeited during the year	–	–	–	–
Exercised during the year ²	(262,000)	£2.53	(441,000)	£2.61
Outstanding at the end of the year	330,000	£2.53	592,000	£2.53
Exercisable at the end of the year	330,000	£2.53	592,000	£2.53

Notes

- Included within this balance are options over nil (2013: nil) shares that have not been accounted for under IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.
- The weighted average share price at the date of exercise for the options exercised is £6.29 (2013: £5.16).

The weighted average remaining contractual life for the share options outstanding as at 31 December 2014 is 1.9 years (2013: 2.80 years).

Computacenter LTIP Performance Share Plan

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

During the year 777,970 (2013: 1,049,579) shares were awarded, 87,897 (2013: 571,821) were exercised and 863,041 (2013: 618,561) lapsed.

At 31 December 2014 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	2014 Number outstanding	2013 Number outstanding
17/03/2011	17/03/2014	423.00p	4,788	379,597
17/03/2011	17/03/2014	423.00p	–	591,133
23/03/2012	23/03/2015	433.00p	918,017	1,046,433
03/05/2013	21/03/2016	440.00p	972,648	1,049,579
20/03/2014	20/03/2017	682.50p	777,970	–
			2,673,423	3,066,742

The weighted average share price at the date of exercise for the options exercised is £6.59 (2013: £4.36).

The weighted average remaining contractual life for the options outstanding as at 31 December 2014 is 1.2 years (2013: 1.2 years).

Computacenter Sharesave Scheme

The Company operates a Sharesave Scheme which is available to all employees and full time Executive Directors of the Company and its subsidiaries who have worked for a qualifying period. All options granted under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. During the year 1,275,286 (2013: 1,206,885) options were granted with a fair value of £2,182,192 (2013: £2,263,764).

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

Date of grant	Exercisable between	Share price	2014 Number outstanding	2013 Number outstanding
October 2009	01/12/2014 – 31/05/2015	320.00p	19,267	103,420
October 2010	01/12/2013 – 31/05/2014	286.00p	–	82,377
October 2010	01/12/2015 – 31/05/2016	258.00p	706,578	731,908
October 2011	01/12/2014 – 31/05/2015	369.00p	52,098	220,369
October 2011	01/12/2016 – 31/05/2017	332.00p	235,685	255,647
October 2012	01/12/2015 – 31/05/2016	381.00p	216,033	242,940
October 2012	01/12/2017 – 31/05/2018	343.00p	418,773	450,730
October 2013	01/12/2016 – 31/05/2017	484.00p	405,335	446,589
October 2013	01/12/2018 – 31/05/2019	430.00p	698,530	758,634
October 2014	01/12/2017 – 31/05/2018	589.50p	428,261	–
October 2014	01/12/2019 – 31/05/2020	524.00p	844,616	–
			4,025,176	3,292,614

27 Share-based payments continued

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

	2014 No.	2014 WAEP	2013 No.	2013 WAEP
Sharesave scheme				
Outstanding at the beginning of the year	3,292,614	£3.65	2,971,058	£3.04
Granted during the year	1,275,286	£5.46	1,206,885	£4.50
Forfeited during the year	(205,728)	£3.96	(224,961)	£3.10
Exercised during the year ¹	(336,996)	£3.35	(660,368)	£2.66
Outstanding at the end of the year	4,025,176	£4.23	3,292,614	£3.65
Exercisable at the end of the year	71,365	£3.56	82,377	£2.86

Notes

1. The weighted average share price at the date of exercise for the options exercised is £6.23 (2013: £5.77).

The weighted average remaining contractual life for the options outstanding as at 31 December 2014 is 3.3 years (2013: 3.4 years).

The fair value of the Executive Share Option Scheme, the Performance-Related Share Option Scheme, the LTIP Performance Share Plan and Sharesave Scheme plans are estimated as at the date of grant using the Black-Scholes valuation model. The following tables give the assumptions made during the year ended 31 December 2014 and 31 December 2013:

2014

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Date of grant	20/03/2014	20/03/2014	20/03/2014	24/10/2014	24/10/2014
Number of instruments granted	404,138	360,103	13,729	430,092	845,194
Exercise price	£nil	£nil	£nil	£5.895	£5.24
Share price at date of grant	£6.635	£6.635	£6.635	£6.16	£6.16
Contractual life (years)	3	3	2	3	5
Vesting conditions	See note 5 on page 70 in the annual 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	34.2%	36.9%
Expected option life at grant date (years)	3	3	2	3	5
Risk-free interest rate	n/a	n/a	n/a	1.87%	1.87%
Dividend yield	2.60%	2.60%	2.60%	2.95%	2.95%
Fair value per granted instrument determined at grant date	£6.14	£6.14	£6.30	£1.34	£1.90

2013

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Date of grant	03/05/2013	03/05/2013	03/05/2013	25/10/2013	25/10/2013
Number of instruments granted	570,681	418,752	60,146	447,554	759,331
Exercise price	£nil	£nil	£nil	£4.84	£4.40
Share price at date of grant	£4.40	£4.40	£4.40	£5.70	£5.70
Contractual life (years)	3	3	2	3	5
Vesting conditions	See note 4 on page 70 in the annual remuneration report	See note 1 below	See note 1 below	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	37.3%	45.0%
Expected option life at grant date (years)	3	3	2	3	5
Risk-free interest rate	n/a	n/a	n/a	1.51%	1.51%
Dividend yield	3.5%	3.5%	3.5%	2.75%	2.75%
Fair value per granted instrument determined at grant date	£3.97	£3.97	£4.11	£1.58	£2.05

Note

1. Issued under the terms of the Computacenter Performance Share Plan 2006, as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period equals 5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the performance period equals 7.5 per cent and will vest in full if the compound annual EPS growth over the performance period equals 10 per cent. If the compound annual EPS growth over the performance period is between 5 and 10 per cent, shares awarded will vest on a straight-line basis. The performance period usually covers a period of three years from 1 January of the year the award is granted. A limited number of PSP awards are granted with a performance period of two years.

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.

28 Analysis of changes in net funds

	At 1 January 2014 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2014 £'000
Cash and short-term deposits	91,098	42,682	–	(3,915)	129,865
Bank overdraft	(764)	(35)	–	80	(719)
Cash and cash equivalents	90,334	42,647	–	(3,835)	129,146
Bank loans	(63)	(61)	–	4	(120)
Other loans non-CSF	–	(517)	–	–	(517)
Net funds excluding customer specific financing	90,271	42,069	–	(3,831)	128,509
Customer specific finance leases	(11,577)	4,983	(342)	240	(6,696)
Customer specific other loans	(7,280)	4,664	–	–	(2,616)
Total customer specific financing	(18,857)	9,647	(342)	240	(9,312)
Net funds	71,414	51,716	(342)	(3,591)	119,197

	At 1 January 2013 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2013 £'000
Cash and short-term deposits	138,149	(48,865)	–	1,814	91,098
Bank overdraft	(678)	(27)	–	(59)	(764)
Cash and cash equivalents	137,471	(48,892)	–	1,755	90,334
Current asset investment	10,000	(10,000)	–	–	–
Factor financing	(144)	84	–	(3)	(63)
Net funds excluding customer specific financing	147,327	(58,808)	–	1,752	90,271
Customer specific finance leases	(17,999)	8,065	(1,235)	(408)	(11,577)
Customer specific other loans	(702)	(6,578)	–	–	(7,280)
Total customer specific financing	(18,701)	1,487	(1,235)	(408)	(18,857)
Net funds	128,626	(57,321)	(1,235)	1,344	71,414

29 Capital commitments

At 31 December 2014 and 31 December 2013 the Group held no significant commitments for capital expenditure.

30 Pensions and other post-employment benefit plans

The Group has a defined contribution pension plan, covering substantially all of its employees in the UK. The amount recognised as an expense for this plan is detailed in note 6. Details of the Retirement Benefit obligation for France are given in note 23.

31 Related party transactions

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

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

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

	Sales to related parties £'000	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Biomni Limited	28	996	–	28

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 remuneration table in the Annual Remuneration report on page 68 for details of compensation given to the Group's key management personnel. A summary of the compensation of key management personnel is provided below:

	2014 £'000	2013 £'000
Short-term employee benefits	1,946	1,789
Social security costs	231	279
Share-based payment transactions	732	(5)
Pension costs	41	12
Total compensation paid to key management personnel	2,951	2,075

The interest of the key management personnel in the Group's share incentive schemes are disclosed in the Annual Remuneration report on page 70.

32 Events after the reporting period

Detailed below are the significant events that happened after the Group's year end date of 31 December 2014 and before the signing of this Annual Report and Accounts on 11 March 2015.

Disposal of R.D. Trading Limited

On 2 February 2015, the Group announced that it was disposing of its wholly-owned IT disposal and recycling subsidiary, R.D. Trading Limited ('RDC').

The Group reached agreement with Arrow Electronics UK Holding Limited for the disposal of the entire issued share capital of RDC. For the year ended 31 December 2014, RDC generated revenues of £44.1 million (2013: £41.9 million), statutory profit before tax of £4.8 million (2013: £3.7 million) and as at 31 December 2014 had net assets of £16.2 million (2013: £12.5 million).

Gross consideration for the disposal is £56.0 million payable in cash (on a cash-free and debt-free basis), before transaction costs and subject to certain post-completion adjustments. Completion of the disposal is not subject to any outstanding conditions and has now taken place. There is no provision for the payment of deferred consideration under the agreement.

The disposal of RDC did not warrant classification as a non-current asset held for sale at the reporting date as management judged, in accordance with the Group's accounting policy (see note 2) that the sale was not highly probable at the reporting date, nor was the Board committed to a sale plan where there was an expectation that the assets would be sold within one year. RDC also does not meet the requirements for a discontinued operation as it is not a major line of business or discrete geographical area (i.e. an operating segment).

The proceeds of the disposal will be used as part of the one-off Return of Value to Shareholders outlined below.

Return of Value to Shareholders

The Group announced on 2 February 2015, that it proposed to make a one-off Return of Value to Shareholders of 71.9 pence per Existing Ordinary Share, equivalent to approximately £100 million or approximately 11.2 per cent of Computacenter's current market capitalisation, based on the middle market price of 643 pence per Existing Ordinary Share on 29 January 2015. The return is being made using a B Share structure with an associated Share Capital Consolidation of 15 New Ordinary Shares for every 17 Existing Ordinary Shares. The approval of Shareholders was required for the Return of Value and Share Capital Consolidation. Accordingly, the Group posted a circular to its Shareholders and convening an Extraordinary General Meeting, held on 19 February 2015, where the Return of Value was approved.

The Return of Value consisted of a Capital Reorganisation, including the issue and allotment of B Shares and an associated Share Capital Consolidation.

Under the terms of the Return of Value, Shareholders received for every 1 Existing Ordinary Share held at the Record Date 1 B Share; and in place of every 17 Existing Ordinary Shares held at the Record Date 15 New Ordinary Shares.

Following Shareholder approval, Shareholders were able to elect between the following alternatives in relation to their B Shares.

Alternative 1 – Single B Share Dividend ('Income')

Shareholders could have elected to receive the Single B Share Dividend of 71.9 pence per B Share in respect of all of their B Shares.

Alternative 2 – Purchase Offer ('Capital')

Alternatively, Shareholders (other than US Shareholders) could have elected to for all of their B Shares to be purchased by Investec Bank plc, acting as principal on 23 February 2015, at 71.9 pence per B Share, free of all dealing expenses and commissions.

The payment of the consideration under the purchase offer and of the Single B Share Dividend was in each case completed on 10 March 2015.

Management reviewed the financial position of the Group just prior to the announcement of the Return of Value and continue to regard the going concern assumption as appropriate and the financial statements continue to be prepared on this basis.

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.

Company balance sheet

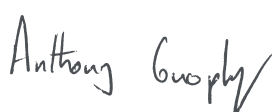
As at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	2	76,221	84,721
Tangible assets	3	18,867	20,483
Investments	4	175,646	172,359
		270,734	277,563
Current assets			
Debtors	5	90,153	90,195
Cash at bank and in hand		68	119
		90,221	90,314
Creditors: amounts falling due within one year	6	51,672	129,783
Net current assets/(liabilities)		38,549	(39,469)
Total assets less current liabilities		309,283	238,094
Creditors: amounts falling due after more than one year		-	-
Provisions for liabilities and charges		-	-
Total assets less liabilities		309,283	238,094
Capital and reserves			
Called up share capital	7	9,283	9,271
Share premium account	7	4,597	4,362
Capital redemption reserve	7	74,957	74,963
Merger reserve	7	55,990	55,990
Own shares held	7	(10,760)	(10,015)
Profit and loss account	7	175,216	103,523
Equity shareholders' funds		309,283	238,094

Approved by the Board on 11 March 2015



MJ Norris
Chief Executive Officer



FA Conophy
Group Finance Director

Notes to the Company financial statements

For the year ended 31 December 2014

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 2015. 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 £93.3 million (2013: £869,000).

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

Intellectual property

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

Depreciation of fixed assets

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

Freehold buildings	25 years
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Investments

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

Impairment of assets

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

Foreign currencies

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

Share-based payment transactions

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

Taxation

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

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

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

2 Intangible assets

	Intellectual property £'000
Cost	
At 1 January 2014 and 31 December 2014	169,737
Amortisation	
At 1 January 2014	85,016
Charge in the year	8,500
At 31 December 2014	93,516
Net book value	
At 31 December 2014	76,221
At 31 December 2013	84,721

3 Tangible assets

	Freehold land and buildings £'000
Cost	
At 1 January 2014 and 31 December 2014	42,350
Depreciation	
At 1 January 2014	21,867
Charge in the year	1,616
At 31 December 2014	23,483
Net book value	
At 31 December 2014	18,867
At 31 December 2013	20,483

4 Investments

	Investments in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Investment £'000	Total £'000
Cost				
At 1 January 2014	261,329	2,754	25	264,108
Additions	31,742	–	–	31,742
Share-based payments	2,810	–	–	2,810
At 31 December 2014	295,881	2,754	25	298,660
Amounts provided				
At 1 January 2014	88,970	2,754	25	91,749
Provided during the year	31,265	–	–	31,265
At 31 December 2014	120,235	2,754	25	123,014
Net book value				
At 31 December 2014	175,646	–	–	175,646
At 31 December 2013	172,359	–	–	172,359

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.

5 Debtors

	2014 £'000	2013 £'000
Amount owed by subsidiary undertaking	90,000	90,000
Other debtors	128	165
Deferred tax	25	30
	90,153	90,195

6 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Amount owed to subsidiary undertaking	49,474	127,618
Accruals	1,591	1,786
Deferred income	–	31
Corporation tax	607	348
	51,672	129,783

7 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2013	9,234	3,769	74,957	(11,887)	55,990	199,706	331,769
Exercise of options	28	1,194	–	3,364	–	(2,324)	2,572
Total recognised gains and losses in the year	–	–	–	–	–	869	869
Share options granted to employees of subsidiary companies	–	–	–	–	–	1,070	1,070
Bonus issue	15	(15)	–	–	–	–	–
Expenses on bonus issue	–	(586)	–	–	–	–	(586)
Redemption of shares	(6)	–	6	–	–	–	–
Return of Value	–	–	–	–	–	(73,115)	(73,115)
Purchase of own shares	–	–	–	(1,492)	–	–	(1,492)
Equity dividends	–	–	–	–	–	(22,797)	(22,797)
At 31 December 2013	9,271	4,362	74,963	(10,015)	55,990	103,523	238,094
Prior period corrections	6	–	(6)	695	–	(756)	(61)
Exercise of options	6	235	–	2,804	–	(965)	2,080
Total recognised gains and losses in the year	–	–	–	–	–	93,316	93,316
Purchase of own shares	–	–	–	(2,283)	–	–	(2,283)
Share options granted to employees of subsidiary companies	–	–	–	–	–	2,810	2,810
Shares gifted from subsidiary to ESOP	–	–	–	(1,961)	–	1,961	–
Equity dividends	–	–	–	–	–	(24,673)	(24,673)
At 31 December 2014	9,283	4,597	74,957	(10,760)	55,990	175,216	309,283

8 Contingent liabilities

The Company has given a guarantee in the normal course of business to a supplier of a subsidiary undertaking for an amount not exceeding £7.9 million (2013: £2.2 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 2014 is £0.7 million (2013: £0.8 million).

9 Related party transactions

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

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

10 Auditors' remuneration

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

Group five-year financial review

Year ended 31 December

	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m
Revenue	2,676.5	2,852.3	2,914.2	3,072.1	3,107.8
Adjusted* operating profit	64.4	72.5	79.1	82.2	86.1
Adjusted* profit before tax	66.1	74.2	79.3	81.7	85.9
Profit for the year	50.3	61.0	49.1	33.2	55.1
Adjusted* diluted earnings per share	33.0p	37.4p	40.8p	43.3p	46.8p
Net cash excluding CSF	139.4	136.8	147.3	90.3	128.5
Year-end headcount	10,566	11,626	12,627	12,703	13,175

* Before amortisation of acquired intangibles and exceptional items. Adjusted operating profit is stated after charging finance costs on customer specific financing. In 2011 adjusted diluted EPS also excludes the effects of exceptional items within the tax charge for the year.

Group summary balance sheet

Year ended 31 December

	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m
Tangible assets	88.9	98.3	100.7	89.0	79.9
Intangible assets	78.5	104.2	104.6	98.9	90.3
Investment in associate	–	0.5	0.6	–	–
Deferred tax asset	15.5	15.9	14.4	15.2	15.1
Inventories	81.6	97.4	67.8	58.6	50.0
Trade and other receivables	471.1	549.0	573.7	667.7	695.9
Prepayments and accrued income	84.2	90.1	104.2	114.8	103.6
Forward currency contracts	0.6	(0.2)	(0.6)	(2.4)	2.4
Current asset investment	–	10.0	10.0	–	–
Cash	159.3	128.4	138.1	91.1	129.9
Current liabilities	(588.2)	(665.9)	(673.3)	(745.3)	(768.5)
Non-current liabilities	(22.0)	(24.0)	(17.9)	(22.9)	(13.2)
Net assets	369.6	403.7	422.3	364.7	385.4

Financial calendar

Title	Date
AGM	19 May 2015
Dividend record date	22 May 2015
Dividend payment date	19 June 2015
Interim results announcement	28 August 2015

Corporate information

Board of Directors

Greg Lock (Non-Executive Chairman)
 Mike Norris (Chief Executive Officer)
 Tony Conophy (Group Finance Director)
 Brian McBride (Senior Independent Director)
 Philip Hulme (Non-Executive Director)
 Peter Ogden (Non-Executive Director)
 John Ormerod (Non-Executive Director)
 Minnow Powell (Non-Executive Director)
 Regine Stachelhaus (Non-Executive Director)

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