ENABLING SUCCESS

Computacenter plc
Annual Report and
Accounts 2020

2020 Highlights

Revenue £m **+7.7%**

5,441.3

2020	5,441.3
2019	5,052.8
2018	4,352.6
2017	3,793.4
2016	3,245.4

Dividend per share Pence **+402.0%**

50.7

2020	50.7
2019	10.1
2018	30.3
2017	26.1
2016	22.2

Profit before tax £m **+46.5%**

206.6

2020	206.6
2019	141.0
2018	108.1
2017	111.7
2016	87.1

Adjusted[1] profit before tax £m **+37.0%**

200.5

2020	200.5
2019	146.3
2018	118.2
2017	106.2
2016	86.4

Diluted earnings per share Pence **+50.3%**

133.8

2020	133.8
2019	89.0
2018	70.1
2017	66.5
2016	52.3

Adjusted[1] diluted earnings per share Pence **+36.6%**

126.4

2020	126.4
2019	92.5
2018	75.7
2017	65.1
2016	54.0

The Group has experienced significant operational and financial impacts from the unprecedented effect of the COVID-19 crisis. All results in this Annual Report and Accounts include these COVID-19 impacts and no adjustments have been made to exclude these impacts, whether they be positive or negative. Further information on the COVID-19 impacts on the Group, and our response, can be found on page 4 of this Strategic Report. The continued adoption of the going concern basis by the Directors in the preparation of the Consolidated Financial Statements is set out on page 138 in note 2 to the Consolidated Financial Statements.

The result has benefited from £261.0 million of revenue (2019: £26.0 million), and £6.5 million of adjusted[1] profit before tax (2019: £0.2 million), resulting from all acquisitions made since 1 January 2019. Of this, for the entities acquired in 2020, the result has benefited from £232.6 million of revenue and £3.2 million of adjusted[1] profit before tax. All figures reported throughout this Annual Report and Accounts include the results of these acquired entities. The results of these acquisitions are assumed to be excluded where narrative discussion refers to 'organic' growth in this Annual Report and Accounts.

A reconciliation to adjusted[1] measures is provided on page 61 of the Group Finance Director's Review. Further details are provided in note 4 to the Consolidated Financial Statements.

1. Adjusted operating profit or loss, adjusted net finance income or expense, adjusted profit or loss before tax, adjusted tax, adjusted profit or loss, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items including gains or losses on business acquisitions and disposals, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management do not consider these items when reviewing the underlying performance of the Segment or the Group as a whole. A reconciliation to adjusted measures is provided on page 61 of the Group Finance Director's Review which details the impact of exceptional and other adjusted items when compared to the non-Generally Accepted Accounting Practice financial measures in addition to those reported in accordance with IFRS. Further detail is provided within note 4 to the Consolidated Financial Statements.
2. We evaluate the long-term performance and trends within our Strategic Priorities on a constant currency basis. Further, the performance of the Group and its overseas Segments are shown, where indicated, in constant currency. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information gives valuable supplemental detail regarding our results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our prior-year local currency financial results using the current year average exchange rates and comparing these recalculated amounts to our current year results or by presenting the results in the equivalent local currency amounts. Wherever the performance of the Group, or its overseas Segments, are presented in constant currency, or equivalent local currency amounts, the equivalent prior-year measure is also presented in the reported pound sterling equivalent using the exchange rates prevailing at the time. 2020 highlights, as shown above, are provided in the reported pound sterling equivalent.
3. Adjusted net funds or adjusted net debt includes cash and cash equivalents, other short or long-term borrowings and current asset investments. Following the adoption of IFRS 16 this measure excludes all lease liabilities. A table reconciling this measure, including the impact of lease liabilities, is provided within note 31 to the Consolidated Financial Statements, analysis of changes in net funds.

Some of the images that appear in this report were taken before COVID-19.

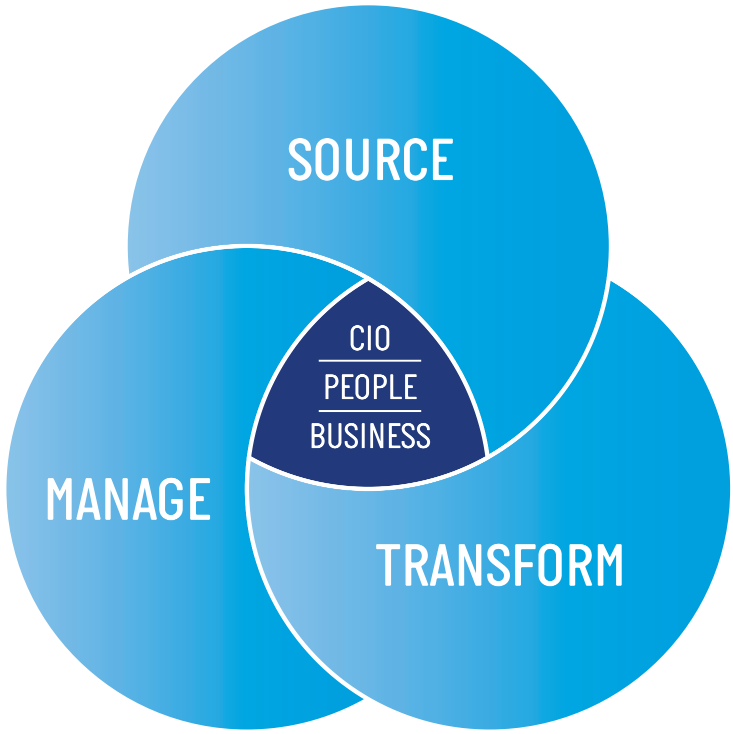
Computacenter at a glance

CENTRED AROUND OUR CUSTOMERS

Who we are
Computacenter is a leading independent technology partner, trusted by large corporate and Public Sector organisations.

What we do
We help our customers to Source, Transform and Manage their technology infrastructure, to deliver digital transformation, enabling people and their business.

Our ambition
- Strongly recommended by customers for the way we help them achieve their goals.
- The preferred route to market for our Technology Partners.
- People want to join and stay with us, be proud of our reputation, as we learn, earn and have fun.
- Trusted as an agile and innovative provider of digital technology around the world.



REVENUE CHARACTERISTICS
Computacenter has an integrated offering which provides three complementary entry points for our customers, giving us a balanced business portfolio and helping us to achieve long-term growth.

SOURCE: Technology Sourcing
We help our customers to determine their technology needs and, supported by our Technology Partners, we arrange the commercial structures, integration and supply chain services to meet them reliably.

Revenue characteristics
We earn revenue from large contracts, with thinner margins and lower visibility.

Technology Sourcing revenue **+9.4%**
£m

4,180.1

2020	4,180.1
2019	3,822.2
2018	3,177.6
2017	2,636.2
2016	2,207.5

TRANSFORM: Professional Services
We provide structured solutions and expert resources to help our customers to select, deploy and integrate digital technology, to achieve their business goals.

Revenue characteristics
Our revenue depends on our forward order book, which contains a multitude of short, medium and long-term projects.

Professional Services revenue **+16.2%**
£m

425.4

2020	425.4
2019	366.1
2018	321.9
2017	319.2
2016	274.2

MANAGE: Managed Services
We maintain, support and manage IT infrastructure and operations for our customers, to improve quality and flexibility while reducing costs.

Revenue characteristics
Our revenue under contract has high visibility and is long term and stable.

Managed Services revenue **-3.3%**
£m

835.8

2020	835.8
2019	864.5
2018	853.1
2017	838.0
2016	763.7

OUR PURPOSE

Our Purpose is enabling success by building long-term trust with our customers, our partners, our people and our communities. If we do this, we will earn the trust and loyalty of our shareholders.

We're proud of what we've achieved

Together, we've created a can-do culture where people matter and are encouraged to thrive. Our business has grown in capability, reach and reputation. We've built powerful partnerships with the world's leading Technology Partners. We deliver digital technology to some of the world's greatest organisations.

But we could be even better

We have many opportunities to better enable our people and improve our business. As we grow, we need to remain agile and relevant to our customers. We must never forget what makes us different and why customers rely on us.

We can help our customers deliver faster

Our customers can be confident in our skills and solutions. They can trust our independence and experience. Our partners can rely on our reach and scale. This means we can help customers make wise choices in a complex and changing world.

By acting with pace and confidence

We are giving our teams the freedom to make responsible decisions that meet customer needs faster; investing to make our services more innovative and competitive; building on the capabilities of our people, supported by better systems and processes; and focusing on delivering digital technology at scale, where we can play to our strengths.

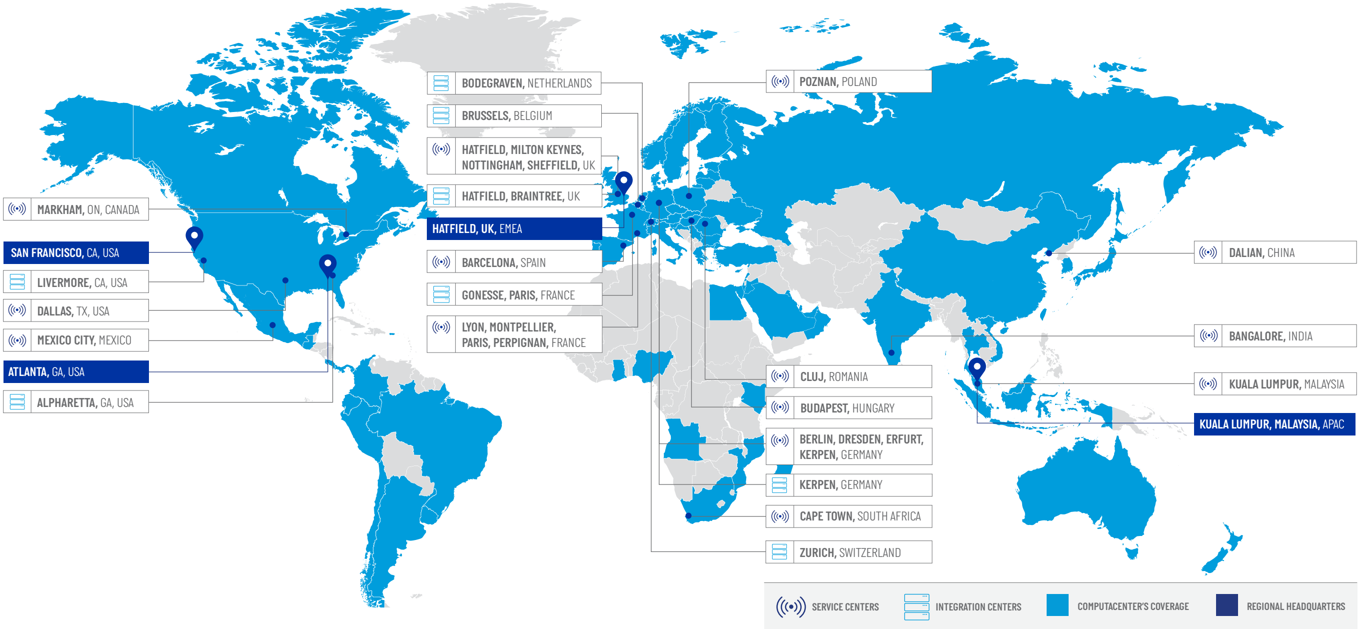
And together, becoming the best

We'll understand what our customers need so we remain fundamental to their success. We'll work hard to keep our promises and always be honest and straightforward. We'll build more collaborative relationships and continue to treat people as we expect to be treated. We'll act for the long term and always strive to improve what we do.

We'll be the trusted enablers of success

Our customers will strongly recommend us for the way we help them achieve their goals. We'll be the preferred route to market for Technology Partners. People will want to join and stay with us, be proud of our reputation, as we learn, earn and have fun. We'll be a trusted, agile and innovative provider of digital technology around the world.

WORLDWIDE REACH AND CUSTOMER FOCUS



We Source, Transform and Manage technology for our customers in 70 countries worldwide.

We sell to customers in 10 countries
Belgium | Canada | France
Germany | Ireland | Netherlands
Spain | Switzerland | UK | USA

We have near-shore/ off-shore operations in another seven countries
Hungary | India | Malaysia | Mexico
Poland | Romania | South Africa

We have entities and VAT registrations in another eight countries
Australia | Brazil | China | Hong Kong
Japan | Malta | Norway | Singapore

We source for and support customers in another 45 countries

ENABLING SUCCESS BY BUILDING LONG-TERM TRUST

Our Purpose is enabling success by building long-term trust. This means enabling the success of our:

- customers, by helping them to navigate the complex digital environment and to Source, Transform and Manage their digital technology;
- people, by creating a business framework and culture, underpinned by strong values, which allows them to build rewarding careers;
- Technology Partners, by providing the scale, reach and stable infrastructure to successfully deploy their technologies; and
- communities, by acting responsibly and building a sustainable business.

If we do this, we will earn the trust and loyalty of our shareholders.

Strategic Report

Governance Report

Financial Statements

About us

OUR CUSTOMERS

This sample of customers' stories illustrates the trust that our customers place in Computacenter and the skills and experience of our people.

DEUTSCHE BÖRSE GROUP

The structured approach and Computacenter's experience of other projects really paid off.

Liviu Sorin Teodorescu
Deutsche Börse AG

DONNER & REUSCHEL
PRIVATBANK SEIT 1798

In the Corona crisis, our users were able to work seamlessly while on the move – this alone made the project worthwhile.

Andreas Weinberger
Donner & Reuschel

SHARENOW

We created the complete system landscape together with Computacenter, Apple and Apple Financial Services.

Erik Bak-Mikkelsen
SHARE NOW

ucb

We have been very impressed with the support of the Computacenter team throughout the COVID-19 pandemic.

Didier Generet
UCB

VOLKSWAGEN
FINANCIAL SERVICES
THE KEY TO MOBILITY

With the flight cases, Computacenter brought sensitive IT components to our data centers in a timely and efficient manner.

Pascal Heinichen
Volkswagen Financial Services Digital Solutions GmbH

Bundesagentur für Arbeit

The Corona crisis once again showed how much we can rely on Computacenter.

Michael Kamp
Bundesagentur für Arbeit

Cnav Retraite & Action sociale — Sécurité sociale
L'Assurance Retraite

The National old-age pension fund trusts Computacenter for the renewal of its infrastructures.

David Brichet
CNAV

Foreign & Commonwealth Office

One of the main tools where the FCO has been notoriously weak is IT. Our Tech Overhaul project aims to change that quickly.

Simon McDonald
FCO

SOCIETE GENERALE

Computacenter is an attentive partner who proved their agility in supporting us in 2020.

Thierry Nobre
Société Générale

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

I've a lot of confidence in our partnership helping our users do better jobs for London – we share common values, particularly putting users at the heart of everything that we do.

Djamila Guernou
Transport for London

William HILL

We rely on Computacenter. They are a partner with whom we share ideas, we share solutions, and we share roadmaps with each other to get the best out of the relationship.

Sarah Lucas
William Hill

PROTECT OUR PEOPLE, DELIVER FOR OUR CUSTOMERS

We are a technology company supporting customers worldwide, at a time when technology has proven critical to mitigating COVID-19's disruption of normal business practices. We have also executed our own business continuity plans to great effect and remained sufficiently agile to deal with issues as they arose.

As we stepped into 2020, we could never have planned for the impact of COVID-19. By mid-March our internal crisis response team, including the Chief Executive Officer (CEO), was meeting daily to implement plans to protect our people and enable them to continue to deliver for our customers, whilst acting for the Company's long-term success.

Looking after our people

The safety and wellbeing of our employees remains our highest priority. As the COVID-19 crisis intensified, we followed all available government and scientific guidance and implemented remote working for all employees where possible, amounting to nearly 90 per cent of our workforce. We used leading technology solutions that we were implementing for our customers to ensure the continued integrity of our working environment, whilst ensuring that our people's health and safety was paramount in our decision-making, including setting up response teams to support their physical and mental wellbeing.

Throughout 2020, we provided extensive communication and support to all employees, including working from home assistance, mental health support and training, and global employee assistance programmes. In addition, we ran seven separate 'spotlight surveys' across the Group, to gain insight into how supported employees were feeling and to check their engagement. The feedback suggested very high levels of satisfaction amongst participants. Remote working has been an unqualified success but we believe that, when the time is right, employees will return to our offices part-time.

Approximately 10 per cent of our staff remained working at customer locations, providing critical on-site support services, and also at our key Integration Centers, in line with applicable guidelines. This ensured that we could provide laptops and other essential technology to enable our customers, including key parts of government, to respond to COVID-19. We implemented enhanced cleaning and safety procedures for these key locations and expressly thank all those who provided this vital service for our customers. The challenge was immense and we were pleased to accomplish it with minimal disruption. Additionally, we have redeployed field engineers to support our Hatfield Integration Center, which has seen a surge in activity and moved, for a period, to 24/7 shift working to meet demand.

Supporting our customers

The resilience of our Services and infrastructure was demonstrated during 2020 as never before. Within four weeks of the start of the pandemic we were able to move 95 per cent of our 12,600 service delivery team members to homeworking. We achieved this without any impact on customer service, despite an increase of 40 per cent in incident volumes. Our people showed enormous resilience and commitment in responding to customer challenges, often supporting critical government pandemic response initiatives and helping customers to Source, Transform and support new digital initiatives in weeks, rather than the months that may normally have been planned for such projects.

The deep relationships we have developed with customers enabled us to connect quickly with them and respond to their requests. Understanding how they operated and how we could best assist them made the difference, as we positioned ourselves as an extension of their own IT teams. During the early months, we quickly developed new Services to enable our customers to serve their businesses effectively, such as our 'Home Swap Service' and 'Virtual Tech Bar'. This demonstrated both our agility and our innovative approach to meeting the needs of customers during the pandemic.

We have also offered our customers a variety of bespoke support during the crisis, including the flexibility in enabling them to scale their services consumption up or down, as their own business demands shifted. This flexibility has enabled us to secure new business, build relationships for the future and encourage customers to commit to contract renewals.

The 'near-shore' location strategy for our internal service providers and Service Centers has proven successful, with regional workforces able to support customers in the correct time zone with the right capacity. Locating these Centers in areas with pervasive internet connectivity, both in our offices and at home, has meant little to no disruption to our Services. Further, our Service Centers' single worldwide telecommunications system and unified software toolsets have allowed seamless capacity flows between Service Centers, enabling us to rapidly adapt to short-term spikes in utilisation from our customer base.

In addition, our scale and breadth of service meant that we were a natural choice as an aggregator of technology, which positioned us as a strong contender for mass rollouts for large customers. Our ability to quickly scale up volumes through our vendor partnerships and our flexibility in creating solutions for mass rollout to multiple locations helped us to secure significant new business. Customer surveys conducted during the year, and feedback from business leaders across our portfolio, demonstrated that we have strengthened relationships and built credibility through our agility and speed to serve.

The Chief Information Officers (CIOs) of our customers have had an incredibly busy year, leading their organisations through the challenges presented by COVID-19 to transform quickly their IT architecture and ways of working. In partnership with these leaders, Computacenter has provided the solutions to these challenges. The performance in the year, with growing revenues, improving margins and a reduced cost base, reflects both the demand seen by the IT sector and the quality of our support for our customers.

As the crisis intensified, we became a critical partner for governments across Europe and the UK in particular. Computacenter responded at short notice to significant requests for tender from the UK Government on a range of projects. We proved that we were the only reseller with the scalable infrastructure in the country that could deliver large projects in a timely and low-cost manner, and have been added to the UK Government's list of 36 Strategic Suppliers across local and central government. We supported the UK Government in standing up the infrastructure for a variety of emergency NHS projects, including the NHS Nightingale hospital sites, as well as delivering over a million laptops to disadvantaged children for home schooling.

Protecting employment

At the start of the pandemic, the Group decided to participate in various national employee retention schemes. The schemes primarily supported our operations in the UK, Germany and France, with minor participation in smaller markets including Spain, Belgium, Switzerland and the Netherlands. We are clear that this allowed us to avoid otherwise necessary redundancies in late March and early April, in the face of an unfolding and unpredictable crisis. Approximately 1,300 employees across the Group were initially supported by wage-subsidy programmes, utilising various government initiatives and Company schemes, although this reduced to an average of circa 150 staff on any scheme over the second half of the year. We enhanced the government supported schemes, for which the rate was different in each country, as a result of works councils, employee forums and local legislation.

At the same time Computacenter's CEO, Mike Norris, and FD, Tony Conophy, volunteered to forego their base salary for the second quarter, alongside the Founder Non-Executive Directors, Peter Ogden and Philip Hulme, who waived their Directors' fees for the remainder of the year.

The financial impact of COVID-19

The Group has experienced significant operational and financial impacts from the unprecedented effect of the COVID-19 crisis. All results in this Annual Report and Accounts include these COVID-19 impacts and no adjustments have been made to exclude these impacts, whether they be positive or negative.

Overall, we estimate that the COVID-19 crisis has had a net positive impact in the year of approximately £30 million of adjusted[1] profit before tax, primarily comprised of the key components highlighted below.

During 2020, the cost to the Group of furloughed employees' remuneration was approximately £19.5 million. Against this, the Group has received approximately £6.4 million in direct grants from European governments, excluding the UK. The Group also benefited from £3.9 million in indirect savings, such as reduced social charges, and a reduction of £2.1 million in furloughed employee remuneration. Against a normal year, this has had a net negative impact of approximately £7.1 million of adjusted[1] profit before tax. All of these grants and costs are included in our adjusted[1] results within administrative expenses.

The Company received £1.1 million from the UK Government, for the April 2020 claim for furloughed employee costs on the Job Retention Scheme. However, we repaid this during the second half of 2020, once the Board was assured of the Company's ongoing resilience in the face of the pandemic. We have committed to making no claims under the Job Retention Bonus scheme. As at 31 December 2020 a very small number of UK employees remain furloughed at enhanced rates and entirely at the Group's expense, and a minority of Belgian employees were on part-time working arrangements. All other employees across the Group have fully returned to work regardless of the availability of local government employment support schemes.

Offsetting the cost of furloughed staff, we have had significant COVID-19-related cost savings, resulting from less travel and using fewer contractors, although some of this was due to lower Services activity, as a result of being unable to work on some customer sites. We estimate these savings to be approximately £45 million of adjusted[1] profit before tax. We have also seen benefits in utilisation, with previously on-site or mobile employees able to use time they would have spent travelling to solve issues remotely for our customers, increasing their billable hours. This has had a material impact on our Services margins.

Whilst difficult to measure, we estimate that the loss of business from COVID-19-impacted customers materially outweighed incremental COVID-19-specific business in the year, with a net decrease in adjusted[1] profit before tax of £15 million.

Cash flow and adjusted net funds[3]

There have been certain COVID-19-related one-off benefits included in the 2020 full year cash flow and end of year cash positions. This includes extended free-of-charge supplier credit with a major vendor of approximately £15 million as at 31 December 2020. Temporary tax payment timing benefits from various governments that were utilised during the year were fully repaid as at 31 December 2020.

Adjusted net funds[3] of £188.6 million as at 31 December 2020, including £309.8 million of cash and cash equivalents, give us a robust platform to manage the business in support of our customers through challenging market conditions.

Looking forward

Today, the long-term impact of the COVID-19 crisis remains unknown. However, we are more certain that the ongoing volatility within our markets and worldwide locations will begin to settle, with vaccination programmes begun globally and the continued application of science and technology to meet the medical and societal challenges that the crisis has brought.

Continued customer investment in technology has provided short-term growth opportunities and proven the strength of our business model. Longer term, the crisis has accelerated the drive to digital across industries, customers and governments worldwide. We continue to monitor the impact on the Group and maintain our focus on controlling costs, in order to position the Company for long-term success.

ENABLING SUCCESS BY

RISING TO UNPRECEDENTED CHALLENGES

We have adapted to a changed way of working.

Peter Ryan
Chairman

Many words have been used to describe 2020 – unprecedented, challenging, chaotic. The global pandemic has had a significant impact on all countries and communities in which we do business. Our customers, our partners and our employees and their families, have all been impacted. We have provided support for our employees' wellbeing throughout the many challenges, which have varied country by country. This has been a continuous priority, recognising the mental health pressure that the confined, and sometimes isolated, environment can bring. We have, very sadly, lost employees to COVID-19 and colleagues have also lost loved ones. We send our thoughts and condolences to their families, friends and colleagues.

Amidst the crisis that has engulfed much of the world, many small and large demonstrations of the power of the human spirit became evident – individuals, groups and whole communities finding ways to persevere. This has been similar in our business lives. We have adapted to a changed way of working, whether digitally at home or socially distanced and COVID-19-secure in factories, offices, warehouses, shops and hospitality venues.

Computacenter's employees around the world adapted very quickly to the evolving reality in our markets. The way they adopted new methods of working, to help our customers and partners meet their own challenges, was admirable. This focus on doing what was needed for our customers, in both the private and Public Sectors, was very well received and significantly strengthened many of our relationships for the long term.

There was significant uncertainty and unpredictability in trading, from the beginning of the pandemic until the end of our financial year. In many ways, 2020 was a most severe test of the strategy, operational execution and resilience of our business. By the end of the year, we had seen both a strong financial performance and the acceleration of our strategy, with the acquisitions of Pivot Technology Solutions, Inc. ('Pivot') and BT Services France SAS ('BT Services France'), which we have renamed Computacenter NS.

Enabling success

This has been an incredible year of progress for Computacenter, as we have adapted to the challenges and supported our customers. Revenues again surpassed £5 billion, with the acquisitions made in early November 2020 contributing £232.6 million of the £388.5 million of revenue growth. The overall progress across the Group in the year was very pleasing, with an increase in profit before tax of 46.5 per cent to £206.6 million (2019: £141.0 million), following revenue growth of 7.7 per cent to £5,441.3 million (2019: £5,052.8 million). The Group's adjusted[1] profit before tax increased by 37.0 per cent to £200.5 million (2019: £146.3 million) and by 35.5 per cent in constant currency[2].

Diluted earnings per share ('EPS') increased by 50.3 per cent to 133.8 pence for the year (2019: 89.0 pence). Adjusted[1] diluted EPS grew 36.6 per cent to 126.4 pence (2019: 92.5 pence).

Following the resumption of our dividend payments in October 2020, and in line with our policy of paying a dividend that is covered between 2.0 and 2.5 times by adjusted[1] diluted EPS, we propose to pay a final dividend of 38.4 pence per share, bringing our full year dividend to 50.7 pence per share. This represents an increase of 37.0 per cent over the 37.0 pence proposed for the 2019 full year dividend, including the 26.9 pence final 2019 dividend proposed, but not paid, and an increase of 402.0 per cent over the 10.1 pence actually paid for the 2019 full year dividend.

We continue to monitor our growing adjusted net funds[3], which reached £188.6 million (2019: £137.1 million) at the end of the year. The Board reviews investment opportunities to ensure these remain aligned strategically with our purpose of enabling success, as seen with the acquisition of Pivot and BT Services France, and, if none are suitable, will look to return excess capital to shareholders at the appropriate time.

Climate change and sustainability

The Board has continued to address a number of areas of the Group's approach to climate change and sustainability. We hope to make a difference to the overall impact of the IT industry, by continuing to focus on and improve our environmental impact in our part of the supply chain. The Board agrees that it is both the right thing to do morally and a business imperative, so we can support our customers' increasing efforts to improve the sustainability of their businesses.

This includes focusing on how we continue to evolve our own offices and Integration Center infrastructure, to reduce our carbon footprint. Our initiatives have included solar power provision and reducing the use of plastic and unnecessary packaging in our facilities and solutions. In addition, we play a key role in refurbishing, recycling and end-of-life disposal of technology products.

We believe that having a company and board that is diverse in both representation and thought is key to our continued success. We will continue to focus on this at Board level. We are making steady progress against our targets for gender diversity across all levels of the organisation and set the Executive Directors and senior Management specific and measurable objectives in this area. More details are provided on pages 46 to 47 of this report.

The year ahead

We remain focused on strengthening Computacenter to enable the success of all of our stakeholders, and I thank them for their continued trust and support.

As we look to 2021, we do so with the COVID-19 situation still uncertain across all of our markets. There is much hope associated with the rollout of the various vaccine programmes around the world that, at some point in 2021, we may see a more stable and predictable trading environment.

That said, we have considered, and will continue to monitor closely, the impact of the COVID-19 virus on our business, global trade and the macro-economic outlook. The Company's Principal Risks and Uncertainties reflect the Board's view. We consider that the sensitivity analysis conducted to support the Directors' reasonable expectation of the impact of risks, and assessment of viability, to be sufficiently robust given what we know today, although considerable uncertainties remain surrounding the duration and impact of COVID-19.

This year has presented many challenges but our response and financial results have been strong. One thing is ever-more clear in these uncertain times – digital technology, solutions and services are key enablers to help governments and businesses respond to their challenges, disruption and necessary transformations. This, allied to our business momentum and our US acquisition, makes us believe that 2021 can be a year of continued progress for Computacenter.

Peter Ryan
Chairman
15 March 2021

ENABLING SUCCESS BY

BUILDING LONG-TERM TRUST

I have always been proud to lead Computacenter, but never more proud than I have been in 2020.

Mike Norris
Chief Executive Officer

STRATEGIC PRIORITIES

Strategic Priority 1

To lead with and grow our Services business

2020 has been an extraordinary year for everybody, including Computacenter. I have to admit I was extremely nervous as the pandemic broke at the end of the first quarter but as you can see from the financial results, we have fared well during this period. I would like to thank all of our employees for their speed of response, agility and tenacity, in response to the challenges laid before us by our customers, working conditions and the pandemic.

Customers have asked us to respond in a variety of ways. From many customers we have seen a significant surge in demand, particularly in relation to remote working. This required us to provide physical product and meet substantial demand for implementation and support. On the other hand, a significant number of customers have seen a downturn in their industry sectors, which has meant they have looked to reduce both capital and operating expenditure. I am proud that we have responded to all of our customers, whichever end of the spectrum they sit, which enhances our reputation for the long term. In fact, throughout 2020 I have received more emails and letters from customers complimenting Computacenter on our service than in the previous 25 years put together, since I have been CEO.

Our customers use us to augment their own resources and enable their IT functions to be as flexible as possible. We saw high levels of utilisation for our Professional Services staff and a large reduction in our use of external contractors. Our German business in particular saw significant Professional Services growth, as it has for a number of years, and there has also been a noticeable improvement in the UK Professional Services performance.

Long-term support contracts delivered by our Managed Services business came under significant top line pressure, as customers' support requirements reduced and they looked to save costs. Again, good utilisation of our own resources and reduction in external contractors enabled us to improve margins. Additionally, we have been successful even during the periods of remote working, winning a number of new contracts that will start to deliver revenue in the first half of 2021.

Technology Sourcing was particularly strong for workplace products, where we have been involved in major deployments, one of which involved hundreds of thousands of laptops. Computacenter's assets and resources, particularly our own Integration Centers, make us uniquely suitable for these types of projects. However, it is worth noting it was a quiet year for data center technology and it remains to be seen whether this was due to the pandemic or more workloads being moved to the cloud. We continued to enhance our networking capability throughout our geographies, particularly with the acquisition we made in France in November 2020.

During 2020, the UK saw substantial top line organic growth, excluding the impact of acquisitions, driven by major projects, while Germany's revenue was down slightly. We also achieved strong margin enhancement in both product and Services, continuing the bottom-line momentum we have seen in recent years. In France and Germany we have a high dependency on industrial customers, who in general remained very quiet, but both businesses and the UK were enhanced by the performance of the Public Sector.

In our smaller geographies in Europe, particularly Switzerland and Belgium, we do not have any Public Sector business, which muted their performance as a whole. In the Netherlands, where we have a more balanced portfolio, performance was somewhat better. In 2020 we started a new venture in Spain which, as you can imagine, was difficult to do.

In the US, our Services operation mainly manages our European customers on the other side of the Atlantic, and was particularly strong. We also saw a good performance from Technology Sourcing, which led to a significant improvement on the previous year. On 2 November, we acquired Pivot, a Canadian-based company with the majority of its operations in the US. We have now set about integrating the companies into one Computacenter North America operation.

While the acquisition during lockdown was remarkably straightforward, the integration, particularly the cultural integration, is somewhat more challenging and much work remains to be done. We have now created the platform to grow a sustainable, scalable business in North America that is a value-added reseller at heart, but with an emerging strength in Services.

The acquisition confirms our ambition to retain the largest Services capability of any value-added reseller in the world and the largest value-added reseller capability of any Services business in the world.

Throughout the pandemic, various lockdown measures put in place by national governments have restricted our ability to travel. Computacenter has been aided by our comprehensive internal IT infrastructure, which has enabled us to continue to support customers and develop the business. We have also benefited from a significant reduction in cost due to the travel restrictions, which has enhanced the bottom line and helped our environment. We are resolute that post-lockdown, we will not let our travel return to levels before the pandemic, again benefiting the bottom line and the environment.

During 2020, Lieven Bergmans, our Managing Director for the Rest of Europe, also took on responsibility for Computacenter France and the integration of our acquisition there. Kevin Shank, the previous CEO of Pivot, has taken responsibility for leading our North American operations and sits as a member of my Group Executive team. Mike Keogh, who has led our business in the US since 2015, is leaving to pursue pastures new but I would like to thank him for his efforts and we would not be where we are in North America without him.

As always, I would like to thank our customers for the trust they place in us. I have always been proud to lead Computacenter, but never more proud than I have been in 2020.

Mike Norris
Chief Executive Officer
15 March 2021

Strategic Priority 2

To improve our Services productivity and enhance our competitiveness

Strategic Priority 3

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

Strategic Priority 4

To innovate our Services offerings to build future growth opportunities

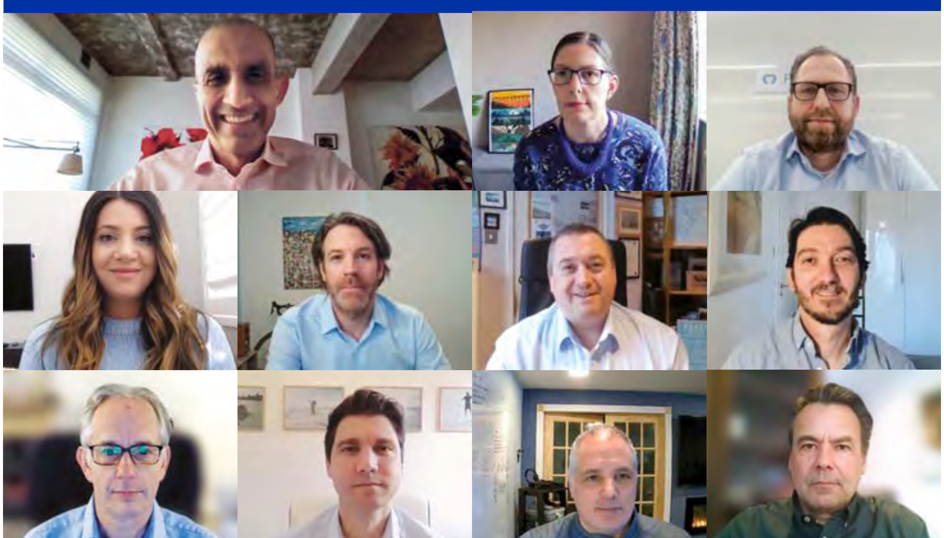
EVOLVING A DIFFERENTIATED AND COMPLETE CUSTOMER OFFER

Our customers are confident in our skills and capabilities to help them make the right choices in the complex and fast-changing world of digital technology. To maintain this trust, we invest to stay relevant and competitive and ensure we have a complete offering of Services, which we can deliver at scale.

This section describes Computacenter's breadth of capability and our go-to-market messaging.

In this section

- Our Service Centers
- Our complete customer offer
- Our breadth of skills
- Our strategic propositions



Members of the Group Development team

OUR SERVICE CENTERS

Our Service Centers deliver a range of shared and dedicated capabilities including:

Service Desk
Our goal is to provide a faster and smarter response to people. We deliver end-to-end support, locally and globally, and provide a 'follow-the-sun' service. Our global Service Desks handle over 1.1 million contacts per month, using 25 languages, at a price point and quality tailored to meet customer priorities. We leverage analytics, chatbots and intelligent automation to improve our agent productivity and each customer's experience.

Remote Infrastructure Management
The scale of our operation means we can support users and systems anywhere in the world, 24 hours a day, seven days a week. From private and public clouds to user devices, our Infrastructure Services manage and improve availability, performance and security.

Maintenance & Network Support
Our operation hubs provide remote diagnostics, monitoring and spares capability, to underpin our Maintenance Services.

Cyber Defence Center
We identify and highlight existing or potential security breaches, hacks, malware or vulnerabilities and ensure that they are managed through to resolution. In doing so, we help both Computacenter and our customers to meet increasingly stringent compliance standards, as well as protecting users from cyber crime and ensuring that our customers' businesses remain productive.

OUR COMPLETE CUSTOMER OFFER

Our comprehensive capabilities help customers to Source, Transform and Manage digital technology across the domains of workplace, application and data, cloud and data center, networking, and security.

Source

Our powerful partnerships with the leading Technology Partners in the market allow us to help our customers to make informed and wise choices in the selection of digital technology. With the investments in our Integration Centers, underpinned by our people, systems and processes, we can then help our customers to integrate and deploy digital technology at scale across the world. Increasingly, our customers are asking us to take more responsibility in this area and help them deliver faster, both for their people and to underpin the digital strategies for their businesses.

Transform

By combining our Technology Partners with our own project managers, consultants, engineers and test facilities, we support customers from initial planning through to their digital transformations going live.

We provide end-to-end solutions and Services, within or across the five technology domains, which enable genuine realisation of business goals. Our engagements range from long-term complex transformation programmes to shorter-term or expert-leasing based consulting and implementation.

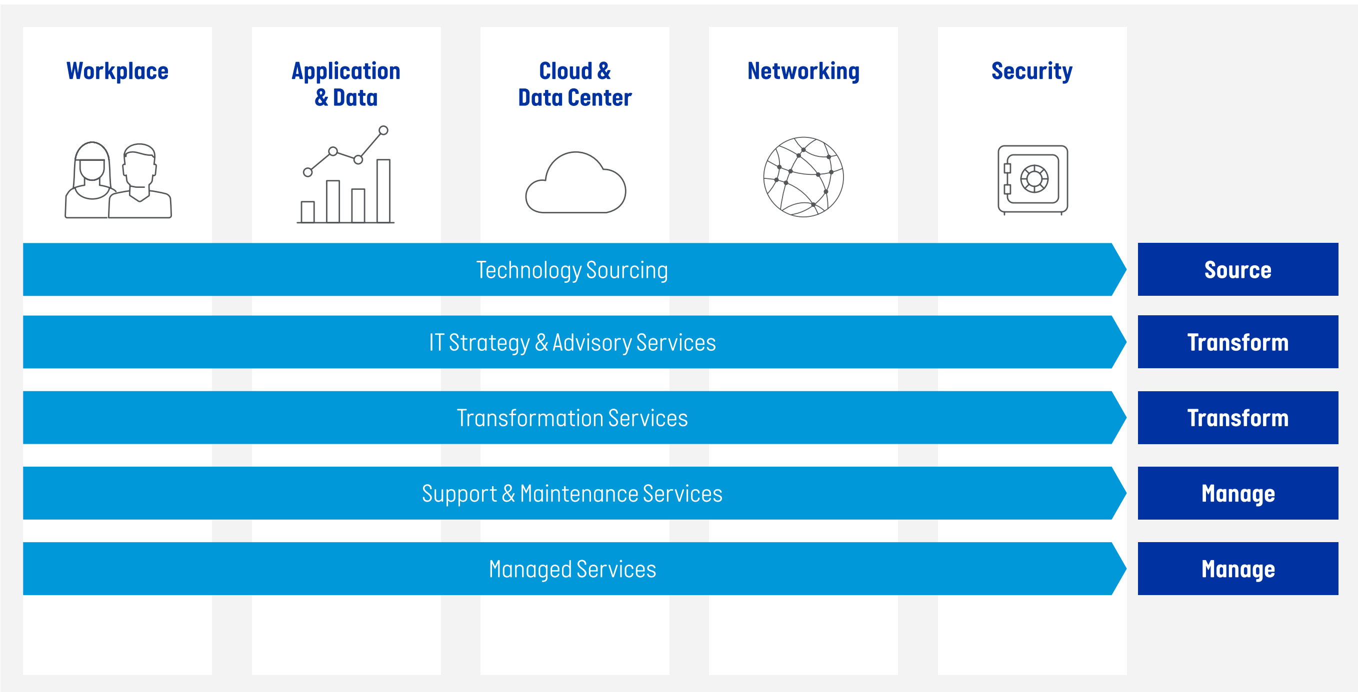
Manage

We use a broad range of operational skills, across our network of international Service Centers and distributed engineering teams, to operate and manage customers' IT. This increases quality and flexibility, while reducing costs. Our Services deliver engagement and enablement for over 3.7 million users.

Across all domains of our portfolio, we sell defined Managed Services, with related service-level agreements and either fixed or consumption-based pricing. Where customers want more flexibility or control, we also provide support and skills on a more transactional basis. Complementing our Technology Sourcing Services, we offer a range of product lifecycle and maintenance Services, often on a per-device basis.

OUR BREADTH OF SKILLS

Our portfolio of Sourcing, Transformation and Managed Services spans all relevant infrastructure areas, ensuring our customers have access to a reliable, secure and flexible technology platform to accelerate their business.



OUR STRATEGIC PROPOSITIONS

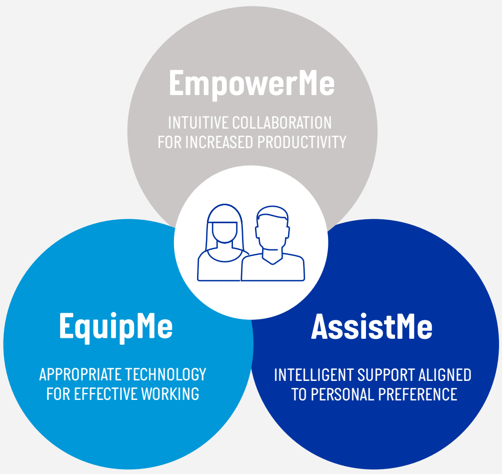
We reflect the voice of the customer by consolidating our broad portfolio of capabilities into four strategic go-to-market propositions, designed to address an emerging market trend with a specific value proposition and vision:

DIGITAL me
Workplace designed for people, engineered for business

Digital Me
Workplace

Designed for people and engineered for business, our workplace solutions accelerate the digital agenda with agile solutions that unleash the power of people and enable business success. Our solutions are increasingly underpinned by analytics, artificial intelligence ('AI') and automation, to reduce cost and provide a proactive digital experience.

- EquipMe: Appropriate technology for effective working
  - Technology Sourcing
  - Modern device management
  - Application lifecycle management
- EmpowerMe: Intuitive collaboration for increased productivity
  - Cloud productivity suites
  - Enterprise content management
  - Collaboration solutions
- AssistMe: Intelligent support aligned to personal preference
  - Service Desk
  - Smart on-site Services
  - Analytics and automation

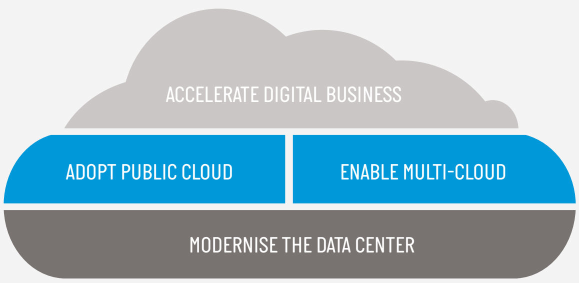


DIGITAL Power
Cloud accelerating business

Digital Power
Cloud & Data Center

We provide sourcing, advisory and support Services that help our customers to navigate their cloud and data centers, building platforms that power their business. For some, this means building out platforms that support the rapid growth that their success in the global digital economy is delivering.

- Applications and data
- Service management platforms
- Cloud native platforms
- Multi-cloud
- Public cloud
- Server and storage
- Converged and hyperconverged infrastructure
- Software-defined infrastructure and networks
- Next generation data centers

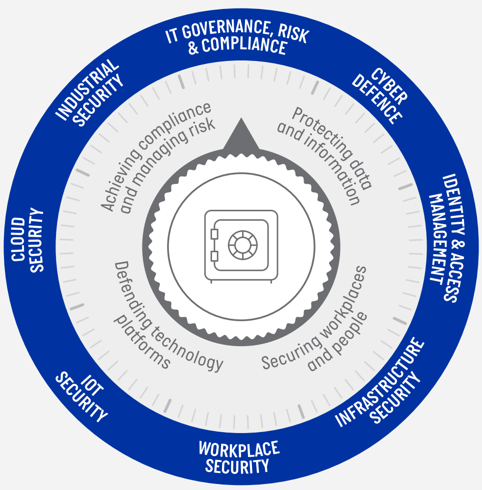


DIGITAL Trust
Mastering business security

Digital Trust
Security

Our customers continue to face an ever-expanding cyber-threat landscape, with more demanding compliance requirements and a shortage of security talent to address it. We have the skills and partnerships to deliver end-to-end security solutions, helping our customers protect their data and information, secure their workplaces and people, defend their technology platforms and achieve compliance and manage IT risk. We enable Public Sector, industry and service organisations to undertake digital transformation securely.

- Cyber defence Services
- Identity and access management
- Infrastructure security
- Workplace security
- Internet of Things ('IoT') security
- Cloud security
- Industrial security
- IT governance, risk and compliance

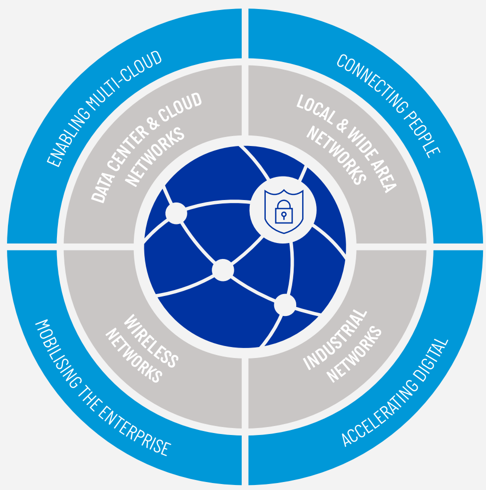


DIGITAL Connect
Enabling connected business outcomes

Digital Connect
Networking

We provide Technology Sourcing, Professional and Managed Services expertise, with innovation and delivery across every aspect of enterprise networking for large corporates and Public Sector organisations, from business-critical data centers, to local and wide-area wireless, to industrial networks.

- Software and automation are at the core of every future-proof network architecture
- Increasing demand for unrestricted access to Services and applications; anytime, anywhere
- Hybrid IT and multi-cloud becoming the norm for the data center
- Increasing regulatory requirements and accelerated demand for enterprise security
- People, devices and everyday objects connected, to increase collaboration and efficiency
- New devices and smart sensors necessitate a different approach to networking



STAYING ABREAST OF CHANGES IN THE GLOBAL MARKET

To stay competitive, our customers need to respond faster and more effectively to changing business conditions and unpredictable external factors. This means they have to innovate and enrich the digital experiences of their people and customers, in a secure and sustainable manner.

In turn, we need to act with pace and confidence, to help our customers make the most of their existing technology and select new investments that support their digital agenda, in this increasingly complex and fast-changing environment.

This section looks at the major trends that are changing our markets and considers our competitive environment.

Five major trends are shaping our markets worldwide.

Major trend 1:

Speed – Agility becoming a competitive advantage

As we move into 2021 and beyond, organisations continue to face increased pressure to deliver efficiencies and cost savings. At the same time, what was on top of our customers' agendas yesterday may not be there tomorrow: the global pandemic has stressed the importance of adaptability at pace. Organisations are adopting new change methodologies, and IT departments have to innovate at speed, in order for their organisations to remain serious contenders in the marketplace. To do so, they are also using technologies where service is primarily provided with or through software, and augmented with analytics and AI.

What this means for Computacenter
Being independent of our Technology Partners remains a key strength for us. We can assess our customers' business requirements quickly and help them to select and integrate the appropriate solution and service model, in an increasingly complex environment. At the same time, we need to keep up with the pace of innovation and invest in new skills, so that our offerings remain relevant to our customers.

"Uncertainty could be the new normal; therefore creating repeatable processes to continually re-evaluate business strategies and innovation portfolios, at rapid pace, could support your organisation, not only in a time of crises and disruption, but also in the readiness for any disruption or change." – Gartner: Don't Survive, Thrive! Leverage Crises and Scarcities to Accelerate Business Innovation, May 2020

Major trend 2:

Resilience – Ensuring secure digital delivery

The accelerated adoption of new and sometimes immature technologies, as well as remote working models during the pandemic, increases the risk of security and privacy breaches. Additionally, our customers have to react to changing regulatory requirements and security legislation. To protect themselves from financial and reputational losses and to meet compliance requirements, customers often implement rigid and fragmented security concepts that inhibit innovation and fast reactions to market changes.

What this means for Computacenter
Our strong security practice, with almost 200 security consultants, represents a competitive advantage and differentiates us from many of our competitors. We help our customers to implement an end-to-end security concept, allowing them to stay ahead of criminal threats and remain compliant with regulatory requirements.

"IT security projects are often demanding and diverse. This is why service providers that offer a wide range of technical security services from a single source and address numerous IT security solutions have an advantage. Those that cooperate with renowned technology providers and have employees with numerous high-quality certifications can also set themselves apart." – ISG Provider Lens, Cyber Security Solutions and Services, Germany, August 2020

Major trend 3:

Disruption – Technology innovation delivering impact

Too often we see companies that fail to move forward, allowing competition to move in swiftly. There is no time to stand still, especially with the rise of 'unicorn' businesses disrupting industries. Thanks to the unparalleled speed of technological advancement and mass business digitalisation, start-ups are now able to reach unicorn status in less time than ever before, posing a real challenge to traditional businesses. Hence, organisations must connect their business directly to the IT function and the IT function must understand how its services directly influence market share and profits. This continues to drive new ways of working, service delivery and productivity, for both future unicorn business and traditional organisations.

What this means for Computacenter
We have a competitive advantage through our proximity to customers, our long-term relationships with them, our understanding of their business requirements and the flexibility to provide technology and service options specific to those requirements.

To continue enabling success for our customers, Computacenter will invest to build vertical-specific skills and know-how.

"Disruptive trends and technologies continue to challenge incumbent enterprises. CIOs need to understand the impact of these challenges and how they affect their organizations. Successful CIOs leverage new trends and technologies to their enterprises' advantage, with emerging practices focused on sustainable value creation." – Gartner, CIO Leadership of Innovation, Disruptive Trends and Emerging Practices Primer for 2020, January 2020

Major trend 4:
Experience – Transforming customer and employee experience

Disruption has accelerated the requirement for new, digital experiences for both customers and employees. Both groups are becoming more diverse, more mobile and more distributed, using a large variety of devices, technologies and apps to access their work environment and to purchase products. To improve both employee engagement and customer satisfaction and loyalty, organisations will have to explore these new technologies and accelerate their adoption.

What this means for Computacenter
Customers can benefit from our broad technology skills, which include automation solutions such as Blue Prism and UiPath, as well as the ServiceNow consulting practice we built with the acquisition of TeamUltra. Our end-to-end portfolio covering front-end collaboration tools and technologies, as well as modern back-end application platforms, is a true asset for supporting customers to implement a seamless, total experience for their employees and customers.

According to Bitkom, during the pandemic 25% of the German workforce (10.5 million employees) are working full time from home. Additionally, another 20% (8 million employees) are working partially form home. In total, 45% of the German workforce has adopted a remote working model. – Bitkom, December 2020

Major trend 5:
Sustainability – Social purpose influencing strategic decision making

Sustainability is becoming one of the most relevant influencing factors for strategic decision making. Covering a wide range of topics, from environmental to social and economic aspects, sustainability creates a long-term context for organisations. Ignoring this trend presents a financial risk and, more importantly, a reputational risk.

What this means for Computacenter
Computacenter, with its stable shareholder and management structure, has always taken strategic decisions in favour of long-term success and created a safe and sustainable business for shareholders, employees and partners. Beyond being a significant business and corporate taxpayer, Computacenter has implemented a wide range of programmes covering employee wellbeing, diversity and inclusion, reduction of carbon footprint and innovation and technology, and will continue to invest in its sustainability framework.

The 2 megawatt solar photovoltaic system on the Hatfield Integration Center roof consists of approximately 6,500 solar panels that generate approximately 2 million kilowatt hours of electricity per annum or around 24 per cent of our energy usage in operations. The installation has an expected life span of 25 years and helps us to negate some 1,100 tonnes of CO_2 per year.

THE COMPETITIVE MARKET

In addition to the major trends described above, a number of factors are influencing the way we compete in our markets.

Market segments – Save to innovate
With IT budgets staying flat or growing very slowly, IT decision makers need to reduce costs in order to fund new digital initiatives. Procurement departments also push to reduce costs in existing contracts and legacy platforms, which puts pressure on renewals, and we therefore continue to drive efficiencies in our scale operations to remain competitive. This includes various initiatives from implementing automation to significant investments in our offshore Service Centers.

At the same time, we help CIOs to select, implement and manage technology platforms such as multi-cloud, big data and the IoT, to become the foundation for new digital business models and applications. Our ability to select the right solutions from a wide range of options, paired with our security and networking skills, put us in a good position to exploit these digital business markets.

Shifting buying centres
The traditional buying centres in our industry are our customers' IT and procurement departments. However, customers are now shifting to include other parts of the business, as digital transformation rises to the top of all departments' agendas. While this shift is real and we are adapting with new value propositions, we believe it is happening slowly and our core Services will continue to provide ongoing differentiation and genuine value for our customers.

Substitutes
Organisations that had previously bought their own networking and data center infrastructure are now able to substitute them with cloud-based services. This could affect demand for our Technology Sourcing business over the coming years. However, the process of moving to the cloud offers considerable Professional Services opportunity and the knock-on effect for customers' network, security and workplace environments will support growth in all parts of our portfolio associated with those technology areas. In addition, many hyperscale cloud providers themselves are among our customers.

Partner ecosystems
With shifting buying centres and the trend to cloud computing and hybrid IT, customers are looking for solutions addressing their business needs and covering all aspects from infrastructure to applications, as well as business adoption. In response, we continue to expand our portfolio, and our partnerships in particular, building on those we already have with the world's leading Technology Partners and the mature processes to adopt partner technologies and take them to market. We will also continue to integrate Services partners, to ensure a comprehensive Services portfolio.

HOW WE CREATE SUSTAINABLE VALUE

Computacenter is a leading independent technology partner trusted by large corporate and Public Sector organisations. We help our customers to Source, Transform and Manage their technology infrastructure to deliver digital transformation, enabling people and their business.

Our business model is customer-centric, based on enabling success by building long-term trust with our customers, our people and our partners. This underpins our value to our communities and our shareholders. In doing so, we leverage the long-term investment in our infrastructure and physical assets and place great confidence in the depth of skills and knowledge of our teams.

Our customers

We deliver digital technology to some of the world's greatest organisations. Our target market is the largest 500 corporate and government organisations in each of the 10 countries in which we sell. Our operational model supports this aim through having account managers, sales specialists, consultants, and project and service managers aligned to our customers, to build strong customer intimacy. We give our customer teams the freedom to make responsible decisions that meet customer needs faster. The majority of our customers have been trading with us for over 10 years, showing the value of these trusted relationships and of our financial stability. We have a balanced spread of business with most of our customers, supporting them through Technology Sourcing, as well as Professional and Managed Services, as each part of our customer offering supports the others.

More information about how we create value is on pages 10 to 13.

Our people

Together, we have created a can-do culture where people matter and are encouraged to thrive. Computacenter employs over 17,000 people worldwide. This includes more than 5,000 engineers, 4,500 support staff in our Service Centers, 1,600 project and service managers and 1,500 consultants. These service delivery teams are backed by the skills and experience of our sales and business Services teams. Our aim is that people want to join and stay with us, be proud of our reputation, as we learn, earn and have fun.

More information about how we attract, retain and develop our people is on pages 44 to 51.

Our partners

We have built powerful partnerships with the world's leading Technology Partners, who can rely on our reach and scale. We are among the largest partners in EMEA for each of the Technology Partners who are increasingly recognising us for our achievements at a global level. We use our technology understanding to build solutions for our customers across all parts of our portfolio. We aim for our customers to be confident in our skills and solutions and trust in our independence and experience. This means we can help our customers to make wise choices in a complex and changing world.

More information about our partners and Technology Sourcing is on pages 18 to 21.

Our brand

Our brand and reputation are underpinned by our Winning Together values. We maintain a strong brand by putting customers first, being straightforward, keeping promises and considering the long term, while understanding that people matter and inspiring success.

Our Purpose is 'Enabling Success' by building long-term trust with our customers, people, Technology Partners, and communities. We aim to be strongly recommended by customers for the way we help them achieve their goals, ensuring customer referenceability. Where we make acquisitions, we usually transition the acquired business quickly to the Computacenter brand and embed our values.

More information about our values can be found on page 47.

Our infrastructure and physical assets

We sell to customers in 10 countries, have supporting near-shore and off-shore operations in another seven countries. We have legal entities and VAT registrations in a further eight countries. We source for, and support, customers across more than 70 countries worldwide. Our customers demand that our operations are delivered to high industry standards and we have a range of ISO certifications, including ISO 27001, ISO 9001, ISO 20000-1, ISO 14001 and ISO 45001.

Our Service Centers, as indicated on the map located on the inside front cover, help us to support our Managed Services contracts. They are underpinned by a common technology infrastructure, to allow customers to be supported by multiple Centers. In 2020, we expanded capacity in Poznan, Poland, and Bangalore, India. We have opened a new operation in Cluj, Romania, in early 2021.

Our Integration Centers, as indicated on the map located on the inside front cover, allow us to stage, test and integrate technology for our customers around the world. In early 2020, we opened our Silicon Valley Integration Center in Livermore, California.

We have a number of underlying systems that support our business, including our SAP ERP solution, systems that connect us to our customers' sourcing functions, and systems that underpin our Managed Services.

Our service offerings

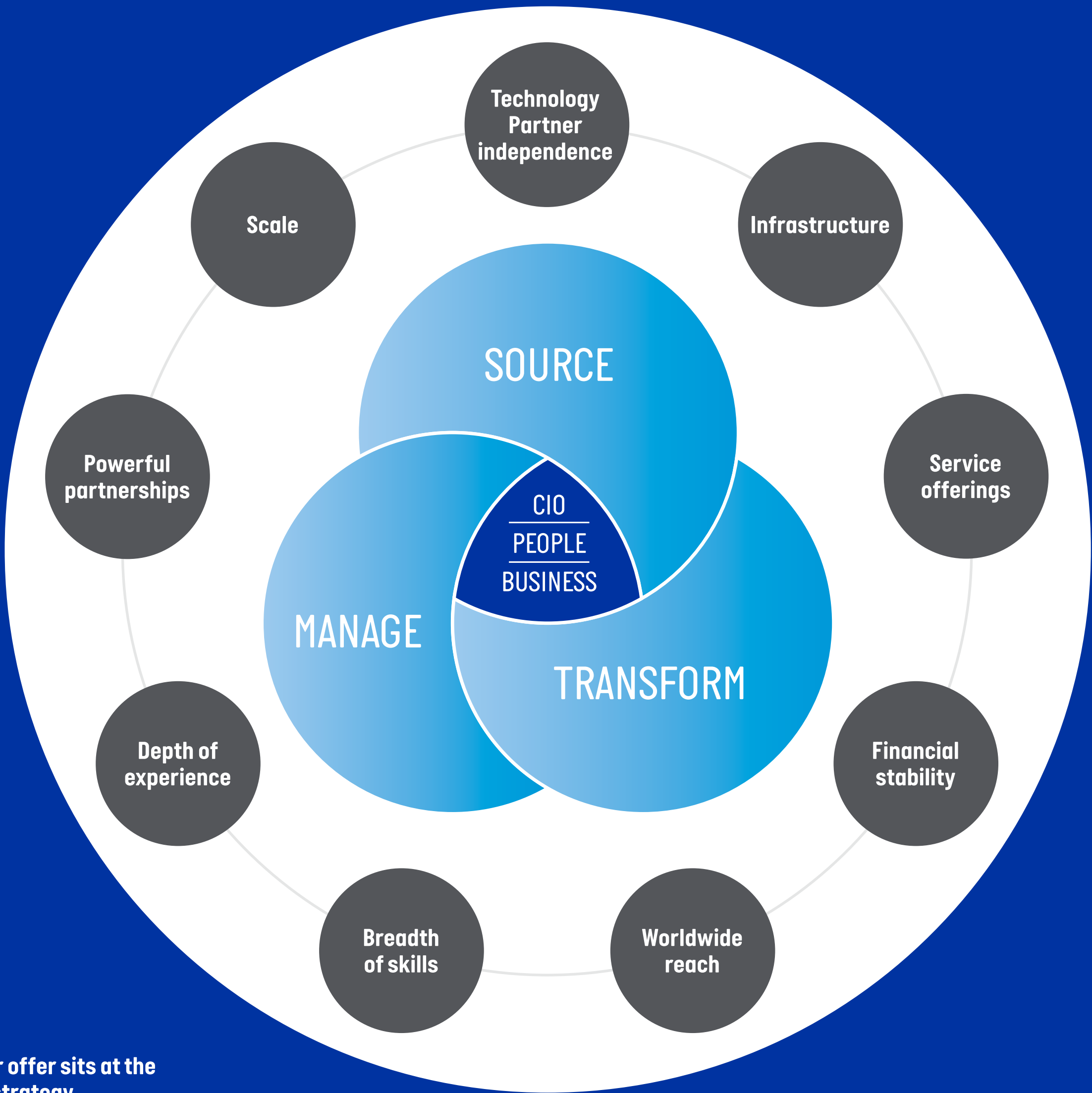
We drive engagement with our customers through our strategic propositions, which are underpinned by a range of service offerings which are designed to deliver solutions to our customers.

BUSINESS MODEL AT A GLANCE

Making all of the elements of our business model work together.

Our resources				
Our people	Digital technology from our partners	Our brand and values	Our service offerings	Our infrastructure and physical assets

Our leverage



Our customer offer sits at the heart of our strategy.

See page 11 for more information

Creating value for all stakeholders				
Our customers	Our people	Our communities	Our partners	Our shareholders

OUR PARTNERS CAN RELY ON OUR REACH AND SCALE

Technology Sourcing is our traditional core business and we continue to see it as both fundamental to our customers and a significant growth driver. We help our customers to determine their technology needs and, supported by our Technology Partners, we provide the commercial structures, integration, and supply chain services to meet those needs reliably. We earn revenue from large contracts, with thinner margins and lower visibility than for Services, but with amazing customer loyalty, which we earn through reliability, agility and scale.

In this section
- Growth drivers
- Technology Sourcing is a Service
- Powerful Partnerships
- Sustainability and Circular Services

Members of the Group Technology Sourcing team

We provide our customers with huge flexibility, adapting our processes to fit their often very specific quotation, order management, shipment, receipt and documentation requirements. This flexibility comes from our significant long-term investment in our people, systems and Integration Centers. Our supply chain services range from pre-configuration of all types of technology to end-of-use management. Our customers value our ability to support them across the entire hardware and software lifecycle and to act as a partner who can deliver at scale and, increasingly, globally.

GROWTH DRIVERS

A number of key drivers in the market are underpinning our customers' continuing investment in new digital technology. In particular, our customers want to:

- modernise their workplaces, to enable people through better technology that attracts and retains talent, increases collaboration and drives closer customer proximity (Digital Me);
- transform their legacy applications, data centers and processes, and adopt cloud technology, to be more scalable, flexible and agile (Digital Power);
- ensure that their networks and communications can support their digitisation and future operational models and that everything is secure (Digital Trust); and
- connect their people, data and IoT devices, to better leverage existing know-how and improve the efficiency and productivity of their workforce (Digital Connect).

TECHNOLOGY SOURCING IS A SERVICE

We integrate and deploy across workplace, data center, networking and security. Our investment in Integration Centers in the UK, Germany, France, Belgium, the Netherlands and the US gives us the scale to meet the most demanding customer requirements.

The importance to our customers of the scale and resilience of our Integration Center infrastructure was demonstrated in 2020 by our ability to support their deployment of new technology at incredible pace, in response to the COVID-19 pandemic.

Top: RDC Integration Center – Braintree, UK
Helping customers make a positive impact at the end of the IT lifecycle.

Top Left: Integration Center – Livermore, California
Technical Services: expert rack integration.

Middle: Integration Center – Hatfield, UK
Technical Services: volume configuration.

Bottom: Integration Center – Kerpen, Germany
Long-term investment in the German market through our new Kerpen facilities.

The most visible example of this is in the UK, where we have been operating our Hatfield Integration Center, by far the largest facility of its type in the country, nearly 24/7 to meet customer demand. We have brought in additional engineering teams from service delivery to supplement the technical services teams in Hatfield, allowing us to configure hundreds of thousands of laptop devices for customers.

Computacenter's long-term investments in systems and infrastructure have positioned us as a trusted partner for major organisations needing to deploy technology at scale.

The flexibility of our integrated systems has also allowed us to move shipments of equipment to the EU that we would normally have supplied from our Integration Center in Hatfield, UK, to our Integration Center in Kerpen, Germany, to ensure service continuity for customers following the departure of the UK from the EU.

Our new Silicon Valley Integration Center in Livermore, California, opened in March 2020 and has significantly upgraded our capacity and capability. Our older facility nearby in Newark, California, was retired. With the acquisition of Pivot in North America, we also now have a major facility in Alpharetta, near Atlanta in Georgia. The combination of Livermore and Alpharetta gives us a strong national deployment capability in the US.

POWERFUL PARTNERSHIPS

The increasing pace of technological change and the diversity of the vendor landscape has made our Technology Partner independence more critical to our customers. We are trusted to provide impartial and knowledgeable advice and to integrate solutions comprising products from multiple Technology Partners.

Computacenter is one of the largest value-added resellers worldwide for most of the major Technology Partners. We invest heavily in working closely with them, to ensure we can effectively help our customers to Source, Transform and Manage their IT infrastructure. The breadth and depth of our technology partnerships allows us to help our customers navigate the complexity and speed of change in the current market.

Our expertise in our Technology Partners' solutions is unrivalled, with our people holding more than 10,000 technical certifications. Our strong working relationships and our desire to collaborate and seek innovation and new Services help us remain relevant, so we are increasingly seen as the partner of choice.

We are not just working with our established Technology Partners. There is increasing demand for new vendors and innovative approaches, which are often integrated with core vendor technology to provide complete solutions.

Our ability to design, source, integrate, deploy and support means we can add material value in delivering new digital solutions. This is reflected in another year of awards and recognition across the Group.

For example:
Apple – We extended our UK and Germany accreditations to become an Apple Authorised Education Specialist and in France we were approved as an Apple Authorised Enterprise Reseller
Cisco – Partner of the Year Germany
Cisco – Global Enterprise Partner of the Year
Citrix – UK Partner of the Year
Dell – One of the first Titanium Black Partners and now an accredited Service Partner
Dell – UK Partner of the Year
F5 – UK Partner of the Year
HPE – Computacenter is now a charter member of HPE's International Partner programme for Hybrid IT and one of the first HPE International Solution Partners
HPE – Northern Europe Solution Partner of the Year
Intel – Partner of the Year US
NetApp – EMEA Converged Partner of the Year
VMware – EMEA Partner of the Year

SUSTAINABILITY AND CIRCULAR SERVICES

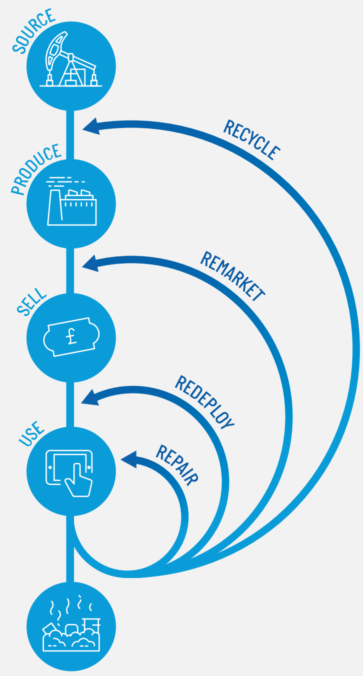
The circular economy is an alternative to a traditional linear economy where goods are made, used and then disposed. We keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life.

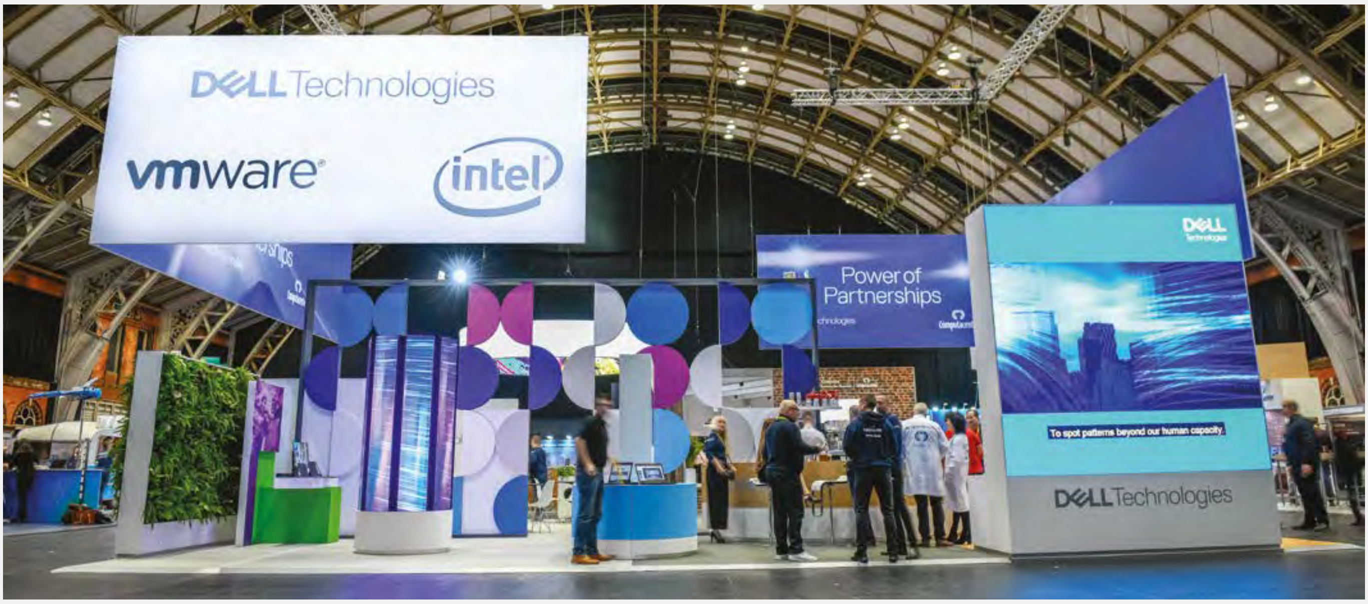
In 2020, our subsidiary R.D. Trading Limited ('RDC') implemented its new Circular Services proposition. The bedrock of the service is the audit, data-wiping and safety testing of every customer asset. Once in our system, the circular journey can then begin, bringing to customers the benefits, both financial and environmental, of redeploying, remarketing or recycling their old equipment. Putting customer assets to good use elsewhere within their business through redeployment saves money and carbon against purchasing new. Likewise, remarketing all functional assets that are no longer required generates cash, as well as reducing the carbon footprint of third parties buying new. In addition, recycling all the equipment that is too old or damaged removes potentially harmful materials from landfill, whilst extracting metal and plastic products that can be reused in manufacturing.

RDC has put huge effort into ensuring the accuracy of our recycling management, with whole recycling facilities dedicated to testing, measuring and filming our customers' systems, display unit and printer scrap in 2020. This has enabled us to provide detailed records of metal, circuit board and plastic material extracted from the waste stream.

Combining redeployment, remarketing and recycling with secure logistics and data management into an integrated package is at the core of Circular Services.

RDC in numbers 2020
Redeployed units = **207,713**
Remarketed units = **297,893**
Recycled units = **286,121**
(2,069 metric tonnes)





Above: Vendor Village at Group Kick-Off 2020 – Manchester, UK
Building Powerful Partnerships with the world's leading Technology Partners.

OUR ESTABLISHED TECHNOLOGY PARTNERS

We hold over 200 partner accreditations and our people hold over 10,000 certifications.

Authorised Enterprise Reseller

aws partner network – Advanced Consulting Partner

Cisco Partner – Gold Certified

DELL Technologies – TITANIUM BLACK PARTNER

Hewlett Packard Enterprise – Solution Provider – PLATINUM PARTNER

AMPLIFY – Power Services Partner

IBM Platinum Business Partner

Lenovo Data Center Partner – Platinum; Lenovo PC Partner – Platinum

Gold Microsoft Partner – Microsoft

servicenow Partner – Elite

NetApp STAR PARTNER

vmware PARTNER – ENTERPRISE SOLUTION PROVIDER

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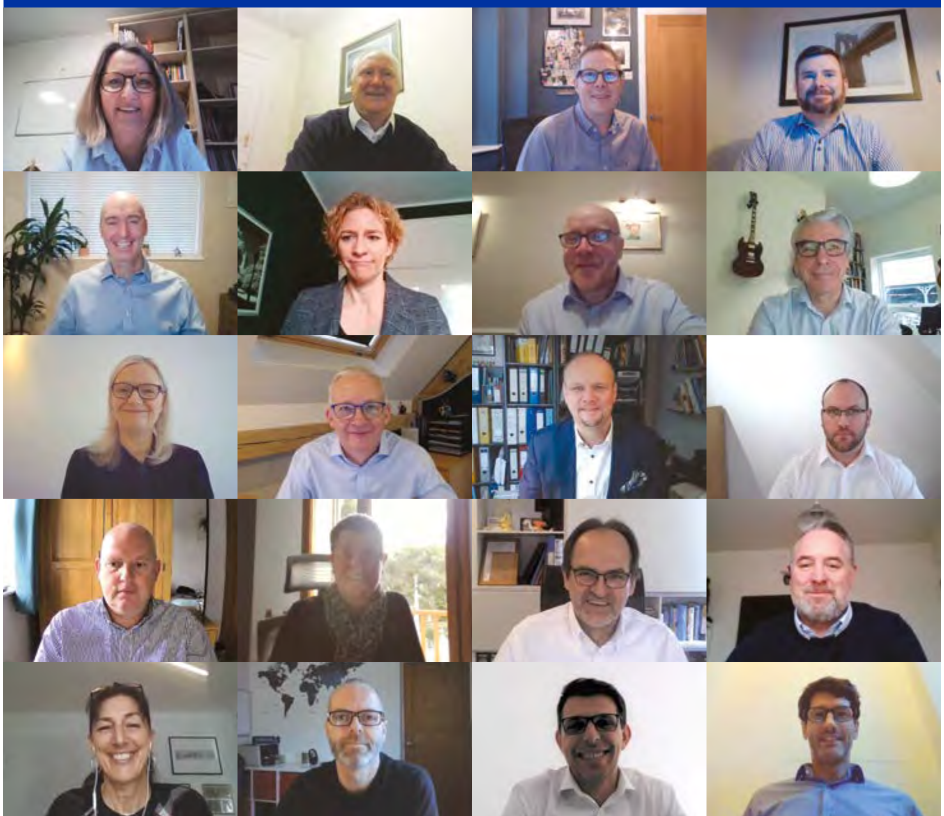
OUR CUSTOMERS CAN BE CONFIDENT IN OUR SKILLS AND SOLUTIONS

We employ over 12,000 people globally to deliver Services to our customers. These range from IT Strategy, Advisory, Transformation and Deployment Services (Professional Services) to Support, Maintenance and Managed Services (Managed Services).

In this section
- Managed Services
- Professional Services



Members of the Group Delivery and Group Services teams

Above: Group Kick-Off 2020 – Manchester, UK
Computacenter's stand at Group Kick-Off, exhibiting our capabilities to our sales force and key Technology Partners.

Left: Group Delivery – London, UK
Group Delivery extended leadership team meeting.

MANAGED SERVICES

We maintain, support and manage IT infrastructure and operations for our customers, to improve quality and flexibility while reducing costs. Despite competitive pricing in the market, our revenue under contract has high visibility and is long term and stable. We see this recurring income as a strategic means of balancing our business, as well as essential to our Source, Transform and Manage customer offer. Customers ask us to reduce their costs by running some of their support operations, as well as taking end-to-end responsibility for sourcing, deploying, transforming and then providing the ongoing managed support of digital projects.

We have continued to improve the predictability of our Services, to the benefit of our customers and our own business. As our customers' businesses continue to evolve and be challenged, we will continue to adapt our offerings to remain relevant and competitive. We see significant opportunities to add value to our customers.

Our Service Centers are the core of our Managed Services capability and we have continued to invest in improving and updating the technology underpinning them. This includes implementing a new ScienceLogic-based support platform and continued development of our Artificial Intelligence, Automation and Analytics (AIMY) collection of tools.

The resilience of our Services and infrastructure was demonstrated during 2020 as never before. Within four weeks of the pandemic we were able to move 95 per cent of our 12,600 service delivery team members to homeworking. We achieved this without any impact on customer service, despite an increase of 40 per cent in incident volumes. Our people showed enormous resilience and commitment in responding to customer challenges, often supporting critical government pandemic response initiatives and helping customers to Source, Transform and support new digital initiatives in weeks, rather than the months that may normally have been planned for such projects.

The pandemic response demonstrated the resilience of our infrastructure, the benefits of scale of our operations and the skills and commitment of our people.

2020 highlights include:

- A number of successful new service go-lives, many global, despite the pandemic – a testament to outstanding 'virtual' teamwork between our teams and our customers.
- A number of successful new significant Managed Service contract wins, renewals and extensions, even as we worked virtually.
- Significant expansion of our off-shore Service Center in Bangalore, India, where we are on target to have approximately 700 people by the end of 2021.
- Significant expansion of our near-shore Service Center in Poznan, Poland, where we are on target to have approximately 300 people by the end of 2021.
- Reducing our Managed Services 'cost to serve', to ensure we remain competitive in the evolving market.

PROFESSIONAL SERVICES

We provide structured solutions and expert resources to help our customers to select, deploy and integrate digital technology, so they can achieve their business goals. Our revenue depends on our forward order book, which contains a multitude of short, medium and long-term projects.

As the technology landscape has become more complex, our 1,500 consultants play an increasingly important role in advising our customers. Our Professional Services and Technology Sourcing businesses have always been linked and we see this linkage increasing, as our clients need our help to make wise choices in the complex technology landscape and to then deploy and integrate these technologies.

Our Professional Services revenue also includes some of our 5,000 engineering staff and 1,000 project managers, who are charged as part of customer integration and deployment projects. These Services range from workplace rollouts to complex network and data center solution integrations.

We see significant opportunity to grow our Professional Services business across all our portfolio areas, which are workplace, data and analytics, cloud and data center, networking, and security.

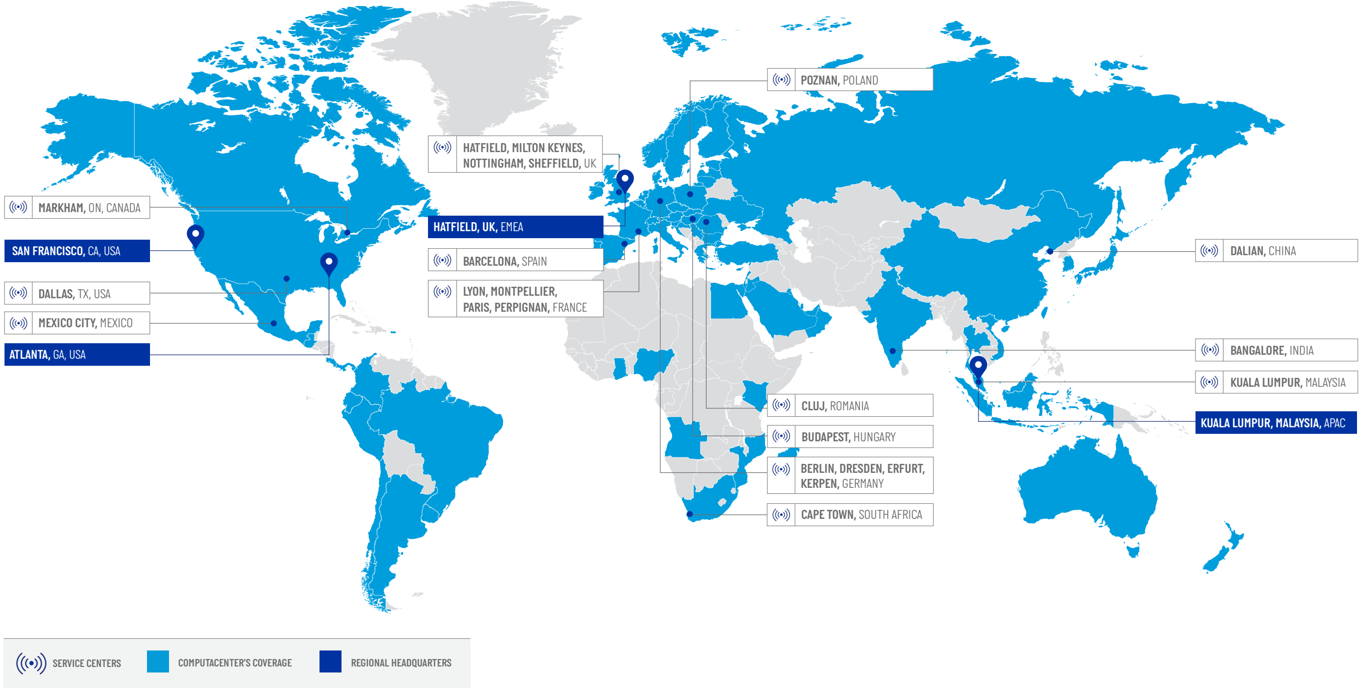
Our Professional Services business continued to perform much better than we could have anticipated in 2020, despite the pandemic. Our customers needed the skills and experience of our people and quickly adapted to working virtually with our teams.

2020 highlights include:
- Significant improvements in Professional Services utilisation and revenues in our major markets.
- Increased leverage of Group assets and initiatives across our Professional Services, including:
  - Our network automation framework for software-defined networks;
  - Our security incident and event management services with Splunk; and
  - Our end-point management services with Tanium.
- Development of our strategy to gain better access to skills, through to the early 2021 launch of a new Professional Services near-shore hub in Cluj, Romania.

The resilience of our Services and infrastructure was demonstrated during 2020 as never before.

Julie O'Hara
Group Delivery Director

OUR SERVICE CENTERS



Left: Service Center – Cape Town, South Africa
Enhancing our capabilities and ensuring the highest environmental standards.

Below: InfoSecurity Conference – London, UK
Leading the way in a complex and changing world.

Bottom left: Engineering & Maintenance Services
We help customers support and maintain their technology across the world.

Bottom right: Vendor Village at Group Kick-Off 2019 – Berlin, Germany
Building Powerful Partnerships with the world's leading Technology Partners.

Our Strategic Priorities

STRATEGIC PRIORITY 1

To lead with and grow our Services business

We go into 2021 with a Contract Base of £815 million. Overall our Managed Services business is challenged, due to customers expecting continual productivity enhancements, which are deflationary. In order to grow, we therefore need to win market share.

Progress in 2020

While the Contract Base is up from £796 million at the end of 2019, this was helped by the acquisitions made in November 2020, particularly the acquisition in France in the networking area, which added £44 million to the Contract Base. Without acquisitions, the Contract Base has declined. This is predominantly due to the loss of a major contract in France, which happened in 2019 but only affected the Contract Base in 2020. There have been substantial renewals during 2020, which gives us confidence for next year.

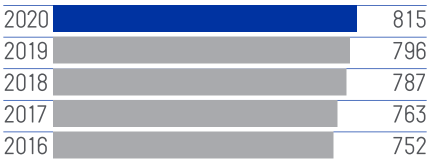
Target for 2021

The new contracts and renewals secured in 2020 give us confidence in our service quality and competitiveness and while this area of our business is probably the most challenged, we believe we will gain market share in 2021.

Services Contract Base £m

815

+2.4%



How we define Services Contract Base

This is our forward order book of committed Managed Services spend as at the year end. The prior year comparatives are restated on a constant currency[2] basis, to provide a better indicator of underlying growth.

STRATEGIC PRIORITY 2

To improve our Services productivity and enhance our competitiveness

Technology encourages standardisation and commoditisation. Organisations such as ours must therefore differentiate the way we deliver value to customers. We do this by rigorously applying effective processes and utilising the right resources, including automation and robotics, in suitable locations. This allows us to best meet the needs of our global customers, at a competitive price.

Progress in 2020

After a successful 2019, we made further significant progress in Services revenue in 2020, which has had a corresponding effect on our margins. During 2020, we achieved high utilisation of our own staff and reduced our spend on contractors dramatically, which was particularly useful given the challenges of the pandemic.

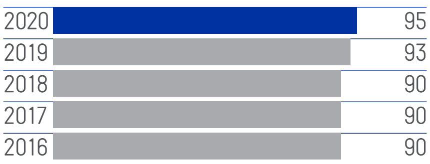
Target for 2021

The most important thing in 2021 is that we lock-in the gains we have made over the last two years as permanent improvements in our performance, particularly as and when lockdown comes to an end.

Services revenue generated per Services head £'000

95

+1.7%



How we define Services revenue generated per Services head

This is our Group Services revenue divided by the number of employees directly involved in the provision of either our Managed Services or Professional Services offerings. The prior year comparatives are restated on a constant currency[2] basis, to provide a better indicator of underlying growth.

STRATEGIC PRIORITY 3

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

Number of customer accounts with contributions of over £1 million

135 +0.0%

2020	135
2019	135
2018	118
2017	107
2016	103

Computacenter focuses on the large account market in both the Public and private sectors and looks to maintain these customers for the long term. The number of large customers we have has a direct relationship to our long-term profitability. Growing the number of customers who contribute more than £1 million of margin is therefore a key driver for Computacenter.

Progress in 2020

2020 was an unusual year in many ways and gaining new customers was very difficult. The number of customers we had generating more than £1 million of gross margin remained the same at 135. However, this will increase by approximately another 20 customers, due to the acquisitions in North America and France. Within the 135 customers were some new entrants and some who dropped to less than £1 million of contribution. Customers' spend was highly dependent on the effects of COVID-19 on their industry segments.

Target for 2021

In 2021 we have much to do. First, we must secure the new customers we gained with the acquisitions in France and North America. Next, we must grow our customer base organically. Over the last two years we have started to invest significantly in our sales force, so the number of major customers does not plateau. We maintained this investment throughout 2020 when there was an obvious temptation to cut back, due to the pandemic. Growing the number of customers, particularly those generating more than £1 million of gross margin, is how we will show a long-term return on this commitment.

How we define customer accounts with contributions of over £1 million

A customer account is the consolidated spend by a customer and all of its subsidiaries. Where our customer account exceeds £1 million of contribution to Group adjusted[1] gross profit, it is included within this measure. The prior year comparatives are restated on a constant currency[2] basis, to provide a better indicator of underlying growth.

STRATEGIC PRIORITY 4

To innovate our Services offerings to build future growth opportunities

Services revenue £m

1,261 +1.4%

2020	1,261
2019	1,243
2018	1,178
2017	1,167
2016	1,085

Annual Services revenue, which comprises our Managed Services and Professional Services businesses, is the key measure for this Strategic Priority. Our portfolio and Services development activities are focused on improving our differentiation and building competitive advantage, thus laying the foundation for future Services growth.

Progress in 2020

In 2020, we grew Services revenue by 1.4 per cent, including acquisitions, and it was flat excluding acquisitions. While there was increased demand from some customers, there was a corresponding reduction from others, particularly those from sectors such as industry, travel and hospitality. Services projects were significantly reduced in the second and third quarters of 2020 and while we saw some return to more normal trading patterns towards the end of the year, as many projects were started or restarted, activity was not at the same level we saw pre-pandemic.

Target for 2021

We expect the trading conditions seen towards the end of 2020 to be with us for the majority of the first half of 2021. However, we do believe that the thirst for digital transformation is with us for the long term. Therefore, we are targeting more material growth in 2021 as a whole, than we saw in 2020.

How we define Services revenue

Services revenue is the combined revenue of our Professional Services and Managed Services business. The prior year comparatives are restated on a constant currency[2] basis, to provide a better indicator of underlying growth.

GROUP

The results for 2020 demonstrate the resilience of the Computacenter business model, which is built on the three primary business lines of Technology Sourcing, Professional Services and Managed Services.

Mike Norris
Chief Executive Officer

Members of the Group Executive team

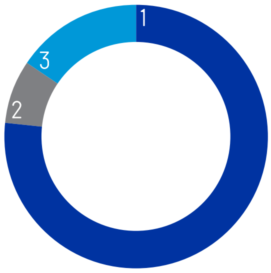
Revenue £m **+7.7%**

5,441.3

Profit before tax £m **+46.5%**

206.6

Revenue by business type



1. Source 76.8%
2. Transform 7.8%
3. Manage 15.4%

Financial performance

The results for 2020 demonstrate the resilience of the Computacenter business model, which is built on the three primary business lines of Technology Sourcing, Professional Services and Managed Services.

The Group's revenues increased by 7.7 per cent to £5,441.3 million (2019: £5,052.8 million million) and were 6.6 per cent higher in constant currency[2].

Whilst it took 36 years for the Group to reach £100 million of adjusted[1] profit before tax, we are very pleased that it only took another three years to reach £200 million. The Group made a profit before tax of £206.6 million, an increase of 46.5 per cent (2019: £141.0 million). The Group's adjusted[1] profit before tax increased by 37.0 per cent to £200.5 million (2019: £146.3 million) and by 35.5 per cent in constant currency[2].

The difference between profit before tax and adjusted[1] profit before tax relates to the Group's net gain of £6.1 million (2019: charge of £5.3 million) from exceptional and other adjusting items. These relate principally to the gain on acquisition of the BT Services France subsidiary, partially offset by the amortisation of the acquired intangible assets resulting from the Group's recent North American acquisitions. Further information on these can be found on page 63.

With the increase in the Group's profit after tax, the diluted EPS increased by 50.3 per cent to 133.8 pence for the year (2019: 89.0 pence). Adjusted[1] diluted EPS, the Group's primary EPS measure, increased by 36.6 per cent to 126.4 pence for 2020 (2019: 92.5 pence).

The result has benefited from £261.0 million of revenue (2019: £26.0 million), and £6.5 million of adjusted[1] profit before tax (2019: £0.2 million), resulting from all acquisitions made since 1 January 2019. Of this, for the entities acquired in 2020, the result has benefited from £232.6 million of revenue, and £3.2 million of adjusted[1] profit before tax. All figures reported throughout this Annual Report and Accounts include the results of these acquired entities.

Revenues from Public Sector customers, such as local and central government, increased by approximately 37 per cent, offsetting material falls in revenues from, primarily, our industrial customers. Public Sector now accounts for 32 per cent of our revenues (2019: 25 per cent). Whilst significant volumes of this Public Sector business were at lower than normal margins, particularly through the second half of the year, we are pleased that we maintained efficiencies and reduced costs within the business delivery areas, such that margins showed a slight rise overall. Where we had significant Public Sector relationships within our Segments, the local businesses have quickly switched focus to supporting them, particularly in our core established geographies of the UK, Germany and France. Our other European operations, with a much greater share of private sector revenue, were not able to respond in the same manner and suffered revenue attrition as a result.

Excluding the impact of the acquisitions made since 1 January 2019, revenues grew organically by 2.0 per cent on a constant currency[2] basis. This modest growth understated the Group's underlying performance. With a large number of very significant industrial customers rapidly reducing their IT spend on both equipment and services, there was considerable difficulty in forecasting how the business would perform throughout the year, as the COVID-19 crisis escalated. We are pleased with the overall result and, with 5.0 per cent organic revenue growth in the second half of the year excluding the impact of acquisitions, are confident that further growth and market share remain on offer, as many customers' activities return to normal. In markets where we operate at scale, notably the UK and Germany, we have been able to leverage our world-class Integration Centers beyond normal operating capacities, thereby proving ourselves one of the few resellers that could rapidly react to serve customers' needs, as they transformed from office-based working to remote working.

The UK, in particular, has seen very strong demand within Public Sector and financial services, as organisations relied heavily on the Group to urgently support their Technology Sourcing needs, to enable working from home, other emergency IT responses and a small number of very large national infrastructure projects. Professional Services in Germany has grown spectacularly against a very strong comparative period, as the business supported customers transitioning to remote working. This business remains one of the key drivers for the Group as a whole and continues its growth trajectory year after year. In the US business, some customers materially reduced spend during the year, whilst large data center-based customers increased spend, with an overall satisfactory revenue and profit performance. The French business had a significantly better second half of 2020, with improving Technology Sourcing performance partially offsetting the impact of the previously announced loss of our large Managed Services contract.

The International Segment was the only part of the business that was disappointing throughout the year. Technology Sourcing revenues were impacted as industrial customers reduced expenditure, whilst Services revenues also fell, driven by lower volumes. In Belgium in particular, the business suffered from not having sufficient scale in the market to replace quickly volumes with new customers or look to Public Sector customers for growth. Expenditures to grow the business, with additional sales capacity in Switzerland and new organic sales capacity in Spain, continued as planned, which also contributed to reduced profitability in the year within the International Segment.

Whilst overall revenues held up in the challenging environment, margins and profits increased as costs reduced across the Group. Overall Group gross margins increased slightly by 12 basis points to 13.2 per cent of revenues during the year (2019: 13.1 per cent) and administrative expenses decreased by 0.5 per cent in constant currency[2], when compared to the prior year. A combination of good quality Technology Sourcing deals supporting pricing, and a reduction in costs to serve our customers across the Services business, as we moved to a remote working environment, all contributed. As the business moves to a more normal operational footing we expect costs to return, but at a potentially permanently lower level than before the COVID-19 crisis. We therefore continue to analyse and review individual cost reductions, to ensure that we only incur costs truly necessary for the performance of the Group.

As a UK-headquartered IT company, we are pleased to have been added as a Strategic Supplier to the UK Government's list of the 36 most-important cross-government vendors, reflecting our growth in Public Sector over the past seven years, but accelerated due to our support for a number of critical infrastructure IT projects during the pandemic. The most visible of these projects was our successful support for the Department for Education, as its primary partner on its programme to roll out more than a million laptops to disadvantaged children. The list encompasses Whitehall's largest and most important suppliers, with whom relationships are managed on a Government-wide basis by a named 'Crown Representative'.

Technology Sourcing performance

The Group's Technology Sourcing revenue increased by 9.4 per cent to £4,180.1 million (2019: £3,822.2 million) and by 8.3 per cent on a constant currency[2] basis.

The overall Technology Sourcing result benefited from £239.8 million of revenue resulting from the acquisitions made since 1 January 2019 (2019: £24.6 million) with £209.5 million of this as a result of the Pivot acquisition.

The UK Technology Sourcing business saw exceptional growth, driven by workplace contracts to support our customers' emergency transition to homeworking in the first half of the year and significant Public Sector critical national infrastructure support to the UK Government in the second half of the year. A small number of massive projects has materially assisted the business over the course of the year. The strength and scale of our Integration Center capabilities have enabled us to efficiently address this growth, as we have proven ourselves to be the only reseller in the country that can handle the volumes driven through these contracts.

In Germany, Technology Sourcing revenue declined, in particular as automotive and other industrial customers reduced spend through large framework agreements, given the COVID-19-related business challenges. This was partially offset by successfully directing more sales activity towards the Public Sector and healthcare sectors, which saw good growth through the period.

The French Technology Sourcing revenue saw excellent growth in the second half of the year, following a stable first six months. A number of new and expanded Public Sector framework contracts drove higher than anticipated volumes through the business. We saw significant growth in workplace within the product mix which, whilst reducing the average margin rates achieved, helped lift the contribution overall.

The North American Technology Sourcing business saw revenues decline, excluding the impact of the Pivot acquisition. Whilst hyperscalers remained largely unaffected by the pandemic, the mid-market core of the business slowed significantly. The acquisition of Pivot adds substantial volumes to the business, with opportunities to reach a wider addressable market and more US locations and through complementary business lines with the existing business.

Overall Group Technology Sourcing margins increased by 15 basis points during the year, when compared to the prior year, partially due to customer and product mix changes. Significant volume growth of low-margin workplace product sold through to the Public Sector has been offset by the decline in some large low-margin industrial customers.

Services performance

The Group's Services revenue increased by 2.5 per cent to £1,261.2 million (2019: £1,230.6 million) and by 1.4 per cent on a constant currency[2] basis. Within this, Group Professional Services revenue increased by 16.2 per cent to £425.4 million (2019: £366.1 million), and by 14.8 per cent on a constant currency[2] basis, whilst Group Managed Services revenue decreased by 3.3 per cent to £835.8 million (2019: £864.5 million), and by 4.3 per cent on a constant currency[2] basis.

The overall Services result benefited from £21.2 million of revenue from the acquisitions made since 1 January 2019 (2019: £1.3 million).

UK Services revenue reduced slightly, primarily due to a decline in Managed Services volumes, which was attributable to contract attrition and COVID-19 impacts. The pipeline for new opportunities remains healthy with several significant wins in the second half of the year increasing the optimism in the business. Professional Services revenues were up strongly in the second half of the year, even with the constraints on face-to-face working, as customers undertook a number of business continuity projects to assist with their migration to remote working or brought forward planned investments in their IT estates.

German Services revenues have followed a similar but more pronounced pattern to the UK business. Managed Services has declined slightly as customer volumes have decreased due to COVID-19. Significant reductions have been seen, particularly in industrial customers, which experienced full manufacturing site closures and had little to no opportunity to transition to remote working. Demand from these customers remains depressed, reflecting subdued demand for their products. The Professional Services business has seen extraordinarily strong growth, with all existing contracted commitments met by our teams working remotely and with significant increases in utilisation, driven by time saved not travelling to customer sites. Further demand for our Professional Services skills emerged during the crisis, to support new and existing customers with their transition to remote working. This included an increasing emphasis on material Public Sector framework contracts, which provides stability to revenue flows and utilisation rates.

Our French Services business saw sharp falls in Professional Services, with nearly half of our deployable specialists placed on government job retention schemes, as demand fell away due to the COVID-19 crisis in the first half of the year. The French Professional Services business is more reliant on on-site activity than the equivalent businesses in the UK or Germany. These staff have now returned to work, and whilst the order book for consultancy returns to a more sustainable footing, revenues remain below expectations. The Managed Services business performed better than expected, following the loss of a large global outsourcing contract at the end of last year, the impact of which was partially seen during the first half. The business has done well to make up some of the volumes by winning several significant global contracts, which have been successfully transitioned during the COVID-19 crisis. Other contract extensions and additions have also materially assisted the recovery in the Managed Services business.

In North America, Professional Services revenue fell as COVID-19 led to project delays or cancellations. Mid-market customers, which generate much of the Professional Services revenue in the USA, were the weakest business area. Unlike the core geographies, the North American business has very little Public Sector business to support a downturn in the private sector. The new Integration Center, however, has had early success at expanding higher-end data center project work and looks to continue to grow this area, as overall project levels return to normal.

Overall Group Services margins increased by 65 basis points during the year, when compared to the prior year. The reduction of travel costs, lower subcontractor costs and improved Professional Services utilisation all contributed to this increase.

Outlook

At the start of last year, our performance in 2019 set us a high bar for 2020. The COVID-19-related lockdowns towards the end of the first quarter made improving on 2019 feel even more challenging.

After multiple upgrades during the year and today's excellent results it is clear that the 2020 performance has exceeded all expectations and 2020 has seen the fastest profit growth Computacenter has achieved in its 22 years as a public company. Clearly, the challenge it gives us is to grow again in 2021.

While Computacenter will always focus on the long term and resist the temptation of short-term actions to maintain growth, we feel the opportunity for progression this year, while not certain, is real. We have come into 2021 with solid momentum and have experienced a very positive start to the year. As always, we will give an update to shareholders in our April statement once we have completed our first quarter at the end of March.

Growth rates are obviously difficult to predict as our geographies will come out of lockdown at different times, but our experiences of the last 12 months has convinced us more than ever that our customers will continue to invest in Information Technology and will require the services of Computacenter to enable them to do so. This, combined with the fact that we are growing in more geographies and across more technology platforms than we have ever done before, makes us even more excited about our long-term growth potential.

UNITED KINGDOM

The investment in our front-end sales and services management teams in 2019 gave us the capacity to take on more new customers during 2020.

Neil Hall
Managing Director, UK and Ireland

Members of the UK leadership team

Revenue £m **+11.0%**

1,773.4

2020	1,773.4
2019	1,597.0
2018	1,611.3
2017	1,468.2
2016	1,352.0

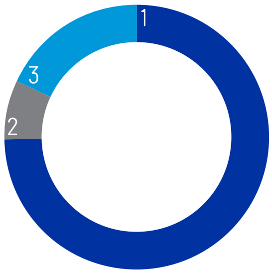
Adjusted[1] operating profit £m **+40.2%**

90.4

Services Contract Base £m **+2.6%**

300.1

Revenue by business type



1. Source 74.9%
2. Transform 7.3%
3. Manage 17.8%

Financial performance

Revenues in the UK business increased by 11.0 per cent to £1,773.4 million (2019: £1,597.0 million).

The UK business reported increased revenues in Technology Sourcing, with modest declines in Services. The restrictive measures arising from COVID-19 affected all of our core markets, and we saw materially increased demand for Technology Sourcing and integration services, to facilitate remote working for employees. Some customer digital transformation plans accelerated, whilst other programmes were deferred due to the pandemic, as a result of restricted access to customer sites. Some customers redirected resources to support their business continuity activities, following a material decline in their revenues, with others needing to reduce their costs.

Our commitment to long-term partnerships with our customers required us to be flexible about contract delivery and terms, including agreeing service levels to reflect COVID-19 requirements, which impacted the fees to support our customers and the cost of delivery. Critical National Infrastructure organisations in the Public Sector and across all verticals increased their demand for technologies and services during this period, whilst other industries saw a material decline in their own markets, resulting in reduced requirements for our Services.

The investment in our front-end sales and services management teams in 2019 gave us the capacity to take on more new customers during 2020, which balanced some of the impact to markets affected by the pandemic. We have established new, longer-term contracts, which secure a more predictable future for our customers and for Computacenter.

Overall gross margins in the UK increased by 20 basis points, with total adjusted[1] gross profit increasing from 13.9 per cent to 14.1 per cent of revenues. Adjusted[1] gross profit grew by 12.7 per cent to £249.2 million (2019: £221.2 million).

Administrative expenses increased by 1.3 per cent to £158.8 million (2019: £156.7 million), with reduced travel and expenses being offset by increased variable pay outcomes related to the performance of the business.

This resulted in adjusted[1] operating profit growing by 40.2 per cent to £90.4 million (2019: £64.5 million).

Resource utilisation was better than expected for both our consulting and engineering teams, as we adapted our ways of working to cope with the national lockdown. Our investment in new and emerging skills has helped to build a strong pipeline of multi-cloud related demand.

Technology Sourcing performance
Technology Sourcing revenue increased by 16.2 per cent to £1,328.0 million (2019: £1,142.7 million).

The Technology Sourcing revenue mix was dominated by workplace business in 2020, with a small decline in enterprise business. This was due to our customers' materially higher demand for homeworking capabilities and reduced focus on core infrastructure transformation during the year.

Technology Sourcing margins grew by 43 basis points compared to the prior year.

Given the growth in 2020, we expect moderate growth in Technology Sourcing in 2021, with our customers continuing to invest in workplace technologies under a number of private and Public Sector frameworks. We also expect higher demand for enterprise technologies, reflecting the growth potential we see in our existing clients.

The Pivot acquisition in the US supports our strategy to meet the international needs of our existing customers and may see reciprocal benefit for the UK, as we gain access to sell into the UK subsidiaries of Pivot's North American customer base.

Services performance
Services revenue declined by 2.0 per cent to £445.4 million (2019: £454.3 million). Professional Services grew 9.7 per cent to £129.1 million (2019: £117.7 million) despite a decline in cabling projects due to the COVID-19 crisis. Managed Services declined by 6.0 per cent to £316.3 million (2019: £336.6 million).

Given the global context, we were pleased to increase Professional Services revenues in 2020. Alongside accelerated digital workplace transformation, we rapidly designed, contracted and transitioned new Services to address directly our customers' challenges in ensuring their business continuity, including new solutions to equip remote workforces directly. We closed the year with an increased Professional Services order book again, particularly with respect to multi-cloud consultancy demand. This reflects our investment in people and technology partnerships throughout 2020.

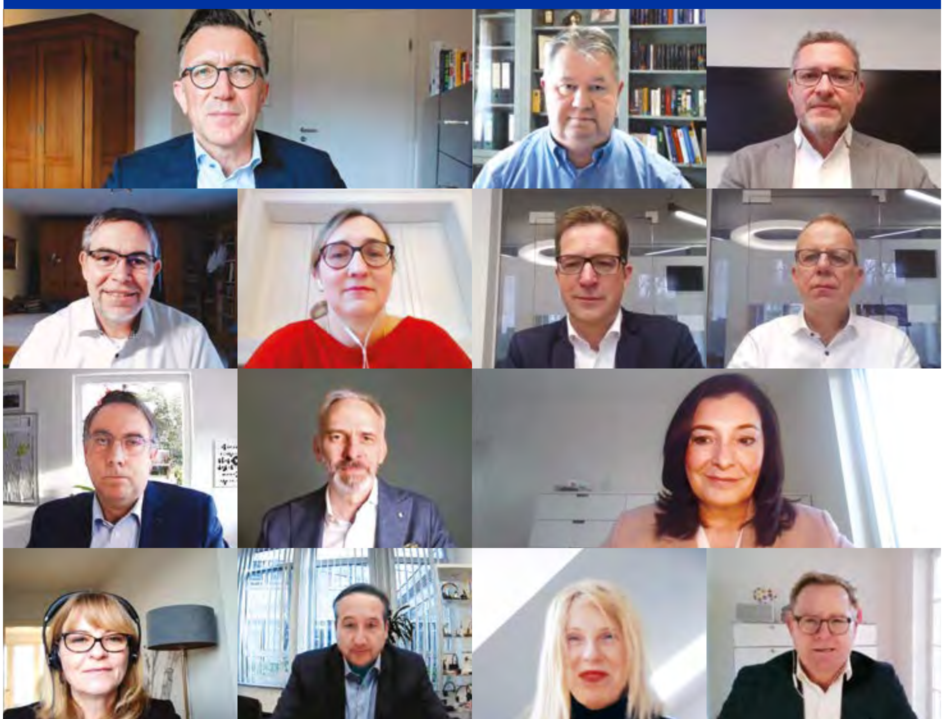
Despite the decline in Managed Services revenue in 2020, which resulted from challenges in core industries such as manufacturing, travel and tourism and high street retail, we were pleased to recently be awarded a large contract in the telecoms sector. We remain confident in the pipeline of opportunities for Managed Services, which relate to and build on our workplace credentials, alongside managed security and cloud adoption.

Services margins increased by 153 basis points over the year. This was the result of the efficiency gains we realised through new service solutions and changes to ways of working enabling lower use of sub-contractors, along with our continued attention to driving quality through our Services, as we transition between on, near or offshore delivery models.

GERMANY

The pandemic made 2020 the most extraordinary and challenging year in the history of Computacenter Germany.

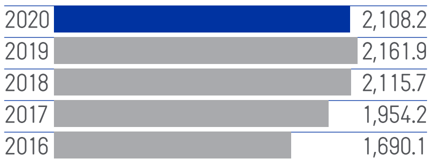
Reiner Louis
Managing Director, Germany



Members of the German leadership team

Revenue €m -2.5%

2,108.2



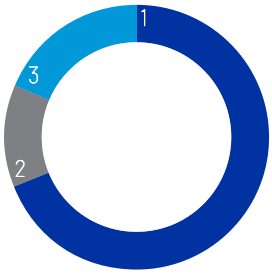
Adjusted[1] operating profit €m +38.1%

125.7

Services Contract Base €m -4.5%

401.0

Revenue by business type



1. Source 69.1%
2. Transform 12.5%
3. Manage 18.4%

Computacenter Germany finished 2020 significantly above target and the previous year. This was the result of a strong Professional Services business, a Managed Services business delivering above expectations, a slightly weaker performance in Technology Sourcing due to the COVID-19 pandemic, and lower indirect costs.

The pandemic made 2020 the most extraordinary and challenging year in the history of Computacenter Germany. After starting the year well, we were confronted, like all other companies, with a crisis of unprecedented proportions. Concerns about the health of employees, a looming shutdown of the global economy and the resulting potential loss of business for Computacenter, as well as the personal fears of many employees, had to be taken into account at very short notice.

From a business point of view, what particularly distinguished us were the sustained high motivation of all employees and our excellent and resilient relationships with our existing customers. Working closely with customers during the crisis to overcome the challenges together has tended to strengthen these relationships even further.

While business with existing customers has held up well so far in the crisis, new customer acquisition has proved very challenging.

We benefited from the high share of Public Sector and healthcare customers in our customer base and were able to expand the business significantly. By contrast, business suffered with customers in the automotive industry and the retail sector.

Even though it is not currently possible to assess fully the future course of the pandemic, and some cost-saving benefits from 2020 can only be repeated to a limited extent, we expect a positive business performance in 2021, characterised by growth.

Financial performance

Total revenue decreased by 2.5 per cent to €2,108.2 million (2019: €2,161.9 million) and by 0.6 per cent in reported pound sterling equivalents[2].

The top line benefited in 2020 from the Professional Services business, which performed well above expectations. After strong growth in the previous year, Professional Services growth in 2020 was just under 20 per cent. In our Managed Services business, despite COVID-19-related revenue shortfalls in the middle of the year, we almost achieved our minimum target of maintaining revenue at the prior-year level. Only in our Technology Sourcing business, which has seen sustained growth for years, did business decline. This was mainly due to the pandemic and to lower revenues from a few large customers which were strongly impacted by the pandemic.

Overall margins in Germany increased by 150 basis points, with adjusted[1] gross profit increasing from 13.4 per cent to 14.9 per cent of revenues. Adjusted[1] gross profit grew by 8.2 per cent to €313.8 million (2019: €290.1 million) and by 10.5 per cent in reported pound sterling equivalents[2].

Although revenue was down slightly on the previous year's level, we were pleased with the significant adjusted[1] gross profit growth achieved. Product margins were maintained at the high level of the previous year, while margins in both service lines increased significantly. This was particularly pleasing for our Managed Services business, as improved performance in this area was one of our goals for 2020. In addition, we benefited from COVID-19-related cost savings in all delivery units and especially in consultancy delivery. Increased remote working also improved both efficiency and margins. The largest profit growth was achieved in Professional Services, resulting from its strong top-line growth, the increased margin and efficiency effects.

Administrative expenses decreased by 5.5 per cent to €188.1 million (2019: €199.1 million), and by 3.7 per cent in reported pound sterling equivalents[2].

Indirect costs were below the previous year and our target. This was due to savings in travel costs and events and to a significantly lower headcount increase than originally planned. However, in order to ensure future growth, further investments in the sales force are required, which were suspended in 2020 due to COVID-19.

Adjusted[1] operating profit for the German business increased by 38.1 per cent to €125.7 million (2019: €91.0 million) and by 41.6 per cent in reported pound sterling equivalents[2].

For 2021, it is important to continue to develop the Services business, to use market trends to grow the product business and to limit the increase in indirect costs. Another year of earnings growth is therefore achievable.

Technology Sourcing performance

Technology Sourcing revenue reduced by 5.4 per cent to €1,457.4 million (2019: €1,541.3 million) and by 3.5 per cent in reported pound sterling equivalents[2].

The product business was characterised by some good growth in 2020 in the Public Sector and healthcare, partly due to COVID-19. However, we also had pandemic-related counteracting effects, especially with customers from the automotive industries. As these are among our major customers, it was not possible to compensate fully for these effects.

We recorded slight growth in workplace, a stable network and security business and a declining data center business. In the latter area, the decline was also driven, among other things, by significantly fewer procurements from a German hyperscaler customer.

Technology Sourcing margins increased by 20 basis points over last year and remained at a high level. Margins remained at a good level in all areas, with slight improvements in workplace and slight deteriorations on the data center side.

Services performance

Services revenue grew by 4.9 per cent to €650.8 million (2019: €620.6 million) and by 6.6 per cent in reported pound sterling equivalents[2]. This included Professional Services growth of 19.8 per cent to €262.8 million (2019: €219.4 million), an increase of 21.8 per cent in reported pound sterling equivalents[2], and a reduction in Managed Services of 3.3 per cent to €388.0 million (2019: €401.2 million), a decline of 1.7 per cent in reported pound sterling equivalents[2].

While revenue in Managed Services reduced slightly, we were able to achieve significant double-digit growth in the Professional Services project and consulting businesses. This is particularly remarkable because, in a pandemic such as we are currently experiencing, customers might have been expected to reduce their investments significantly. Instead, customers made additional investments in expanding infrastructure to quickly support remote working and projects already planned were continued under new framework conditions. This mainly concerned the areas of network, security, workplace enablement, and identity and access management.

We successfully concluded many contract extensions but were unable to retain three existing contracts. In addition, we succeeded in concluding a major new contract, which secures additional business for the next five years. The pipeline is strong and shows additional growth potential.

Overall, the Services margin was 380 basis points higher than last year.

One of our goals for 2020 was to continue to stabilise service quality in our Managed Services business. We took a more proactive approach to managing quality in deals, with less need to react to issues that have previously had a negative impact on business performance. Further progress is expected in 2021, as the service quality management framework which underpins the way we work expands and matures, with the potential to increase significantly both performance and delivery quality, especially in the area of problem contracts. This is due in particular to the measures we implemented in 2019. For all contracts, we achieved or even exceeded our target. Only one new contract had implementation problems and exceeded the transition budget. However, this contract was stabilised in the course of the year. Overall, we are very satisfied with this improvement in performance.

FRANCE

On 2 November 2020 we reached an important milestone for our French business, as we completed the acquisition of BT's domestic Services operations in France.

Lieven Bergmans
Managing Director, France

Members of the French leadership team

Revenue €m **+5.3%**

753.9

2020	753.9
2019	715.8
2018	557.4
2017	581.3
2016	514.3

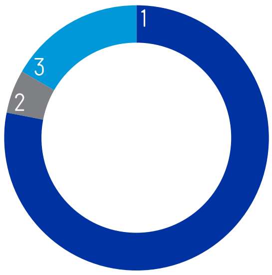
Adjusted[1] operating profit €m **-27.3%**

14.4

Services Contract Base €m **+13.9%**

116.1

Revenue by business type



1. Source 78.3%
2. Transform 5.3%
3. Manage 16.4%

On 2 November 2020, the Group acquired BT Services France, now known as Computacenter NS. The acquisition contributed €15.0 million of revenue and an adjusted[1] operating loss of €1.6 million in the two months of trading to 31 December 2020 and all results below reflect this contribution.

Financial performance

Total revenue increased by 5.3 per cent to €753.9 million (2019: €715.8 million). In reported pound sterling equivalents[2], total revenue was up 7.6 per cent.

Although revenues in the first half of 2020 were flat compared to 2019, we were pleased that business volumes accelerated significantly in the second half of the year. This resulted in a good performance for the year as a whole, which was particularly pleasing given the challenges we faced in 2020. We saw the expected impact of a large international contract that was not renewed in 2019, whilst the COVID-19 crisis had a severe effect on many customers, which resulted in reduced business volumes.

Our two business sectors showed different performance patterns. The Public Sector continued to deliver excellent growth with existing customers, with more and more organisations consolidating their infrastructure services and solutions requirements into large framework tenders. We have grown our market share by winning several of these large framework contracts. Winning these contracts is important, but it is essential that we then create a good account team to define the best solutions for our customers, with specialised sales and technical experts supported by our delivery organisations and our Technology Partners.

Our private sector business had a reasonable year but the COVID-19 crisis made it impossible to reach the same volumes as 2019. At the start of the pandemic, multiple customers in the private sector put a stop on investments. Some of these investment decisions were finally approved during the summer but there are still numerous large organisations that remain very cautious about their IT spending, as COVID-19 continues to have a severe impact on their core businesses. It was encouraging that we successfully transitioned a new large Managed Services contract for an international transport company, in the first half of the year.

On 2 November 2020 we reached an important milestone for our French business, as we completed the acquisition of BT's domestic Services operations in France and welcomed over 540 new people to our French operations. This subsidiary has been renamed Computacenter NS. The acquisition is a step change for our French business, significantly increasing our capabilities, especially in networking design, IT and networking operations and support. Whilst much remains to be done, we have made good progress with integrating our teams and processes and we are encouraged by our first business successes as one sales team, with our joint customers.

The Computacenter NS business contributed to revenue for the last two months of 2020 and therefore had only a limited impact on our overall financial performance in France. The business was loss making at acquisition, and will remain so for some time, which will reduce reported profits in 2021. However, we are able to utilise the spare capacity in the business as we sell the capability to our Computacenter France customers, which will improve the performance.

As the French business continues to grow, we are focused on reviewing and improving our quality processes. These should help us to maintain a high level of customer satisfaction and improve the consistency and certainty of our business performance. This improvement process is expected to continue in 2021, as we introduce the 'improvement and lessons learned' components of our service quality management framework, which have already proven beneficial in the UK and Germany.

Overall, margins in France decreased by 105 basis points, with adjusted[1] gross profit decreasing from 12.1 per cent to 11.1 per cent of revenues.

Overall adjusted[1] gross profit reduced by 3.9 per cent to €83.3 million (2019: €86.7 million) and by 1.7 per cent in reported pound sterling equivalents[2].

Administrative expenses increased by 3.0 per cent to €68.9 million (2019: €66.9 million), and by 5.1 per cent in reported pound sterling equivalents[2] as we have continued to invest to support long-term growth.

Adjusted[1] operating profit for the French business decreased by 27.3 per cent to €14.4 million (2019: €19.8 million), and by 24.9 per cent in reported pound sterling equivalents[2].

Technology Sourcing performance

Technology Sourcing revenue increased by 7.4 per cent to €590.0 million (2019: €549.2 million) and by 9.8 per cent in reported pound sterling equivalents[2].

We grew our Technology Sourcing volumes in 2020, thanks to winning some significant framework contracts, our continued investment in presales resources and our excellent relationships with our Technology Partners.

The COVID-19 crisis had several impacts on the Technology Sourcing business. In particular, the workplace business has become a greater part of our product mix, as large end-user communities needed to move rapidly to a new working environment that enabled them to work from home or remotely. This resulted in a significant increase in demand for our Digital Me proposition, mainly through the sale of workplace and mobility solutions.

We have worked hard throughout the year to maintain and grow our vendor certifications. We are proud to have obtained both the Apple Authorised Enterprise Reseller and Apple Authorised Education Specialist certifications.

Overall, Technology Sourcing margins reduced by 61 basis points, primarily due to the shift towards the lower margin workplace business within the product mix.

Services performance

Services revenue decreased by 1.6 per cent to €163.9 million (2019: €166.6 million) and increased by 0.5 per cent in reported pound sterling equivalents[2]. Professional Services revenue decreased by 10.3 per cent to €40.0 million (2019: €44.6 million), which was a decrease of 8.5 per cent in reported pound sterling equivalents[2]. Managed Services revenues increased by 1.6 per cent to €123.9 million (2019: €122.0 million), an increase of 3.8 per cent in reported pound sterling equivalents[2].

Despite the COVID-19 situation, the Services business in France continued to deliver strong results. We knew that our revenues in 2020 would be affected by the loss of a large international contract that was not renewed in 2019, but we have largely overcome this challenge by improving overall service margins.

We started the year with a good pipeline of Managed Services opportunities. The COVID-19 crisis caused many organisations to stop their tender processes or to put their decisions on hold. Despite this difficult situation, we were pleased to win and successfully transition several international Managed Services contracts. Additionally, we have been able to extend our Services scope at three of our largest existing support contracts.

Based on the existing Contract Base, the pipeline and the fact that some of the campaigns that were put on hold in 2020 will restart, we are looking forward to further growth in our Managed Services business in 2021.

Our Professional Services business faced a challenging year with a decline in revenues, mainly due to the COVID-19 situation. As our Professional Services business in France is relatively small compared to the capabilities in the Group, the impact on the overall result was modest. Moreover, we were able to minimise the contribution loss, as we benefited from Government temporary unemployment support programmes in the second quarter, to compensate for the reduced utilisation of resources during lockdown. The Computacenter NS team has significantly strengthened our Services capabilities in France and we are looking forward to significant improvement in our Professional Services market share and profitability in 2021.

Services margins decreased by 247 basis points over last year.

NORTH AMERICA

With the acquisition of Pivot, North America will further scale our technical capabilities to enhance our value to customers.

Kevin Shank
President, North America

Members of the North American leadership team

Revenue $m **+27.8%**

1,223.8

2020	1,223.8
2019	957.8
2018	351.6
2017	32.5
2016	31.2

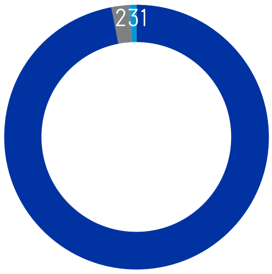
Adjusted[1] operating profit $m **+58.6%**

18.4

Services Contract Base $m

19.0

Revenue by business type



1. Source 97.1%
2. Transform 2.1%
3. Manage 0.8%

During the second half of 2020, the Group completed the material acquisition of Pivot. This business was combined with our existing US Segment to create the North America Segment from 2 November 2020. The acquisition contributed $292.7 million of revenue and an adjusted[1] operating profit of $6.8 million in the two months of trading to 31 December 2020 and all results below reflect this result.

With the acquisition of Pivot, North America will further scale our technical capabilities to enhance our value to customers and deploy our expanding portfolio framework to enable our customers' success.

Financial performance

Total revenue increased by 27.8 per cent to $1,223.8 million (2019: $957.8 million). In reported pound sterling equivalents[2], total revenue was up 25.8 per cent.

Growth in North America was driven by the acquisition of Pivot, which contributed $292.7 million in revenue. Organically, North American revenue was down 2.8 per cent due to reduced spending by our mid-market customers, primarily because of the COVID-19 pandemic, partially offset by the strength of hyperscale data center customers. Overall, revenue was slightly ahead of forecast for the year, on an organic basis, in both Technology Sourcing and Services.

Overall, margins in North America decreased by 12 basis points, with adjusted[1] gross profit decreasing from 9.3 per cent to 9.1 per cent of revenues.

The Technology Sourcing business increased its margin due to the acquisition of Pivot. Pivot's technology sourcing margins are approximately 1 per cent higher than the FusionStorm business, as its customer mix is not as focused on hyperscale customers, who tend to drive lower margins. Excluding Pivot, Technology Sourcing margins rose by 44 basis points, primarily due to improved vendor rebate performance through a change in the mix of vendors towards those with higher rebate structures, more in line with our European businesses. Investments in the partner management function in the prior year also resulted in improved Technology Sourcing margins.

Professional Services margins were down compared to the prior year, as customer projects were deferred due to COVID-19, which resulted in lower staff utilisation. The Managed Services business reported higher margins year-on-year due to improved mix, currency benefits and leveraging lower-cost regions for some of its work. Reported margins were below expectations overall.

Overall adjusted[1] gross profit grew by 26.6 per cent to $112.2 million (2019: $88.6 million) and by 24.2 per cent in reported pound sterling equivalents[2].

Administrative expenses increased by 21.8 per cent to $93.8 million (2019: $77.0 million), and by 19.7 per cent in reported pound sterling equivalents[2]. This was due to the acquisition of Pivot, which added $23.0 million of administrative expenses for the period after acquisition. Excluding the impact of acquisition, administrative expenses were reduced year-on-year. Reduced travel costs due to COVID-19 were partially offset by other increases in administrative expenses, which were driven by higher variable remuneration, continued long-term investments in our new Livermore Integration Center and the deployment of our Group ERP system, which will underpin our future systems strategy in the region.

Adjusted[1] operating profit for the North America business increased by 58.6 per cent to $18.4 million (2019: $11.6 million), and by 53.8 per cent in reported pound sterling equivalents[2].

The increase in operating profit was largely due to the acquisition of Pivot, which contributed $6.8 million of operating profit since it was acquired. December was by far Pivot's most profitable month of the year and this level of performance should not be extrapolated. Excluding Pivot, North America's adjusted[1] operating profit was largely flat, despite the impacts of COVID-19, as hyperscale customers continued to purchase in volume. The Integration Center continued to perform well in the second half of 2020, while operating expenses were reduced due primarily to the inability to travel as a result of COVID-19.

Technology Sourcing performance

Technology Sourcing revenue increased by 27.3 per cent to $1,189.2 million (2019: $934.1 million) and by 25.4 per cent in reported pound sterling equivalents[2].

The addition of Pivot results in significant growth in our Technology Sourcing business. Pivot contributed $280.0 million of Technology Sourcing revenue since acquisition. Excluding Pivot, Technology Sourcing revenue declined by 2.7 per cent, as mid-market customers reduced their spending as a result of COVID-19, while hyperscale customers were not significantly impacted. We saw a similar technology spending mix amongst major partners and technologies, particularly in the data center and networking lines of business. We benefited from significant continuing investments by our customers, as they digitise their operations and modernise their infrastructure. We continue to see customers seeking to simplify their operations by consolidating to fewer suppliers, resulting in long-term commitments and larger transactions. By adding the Pivot volume, driving consistent supply chain via consolidation and process integration remain powerful value propositions to our target market customers.

North America Technology Sourcing margins improved 65 basis points over last year, as a result of a number of activities to improve the underlying efficiency and effectiveness of the business. The addition of Pivot improved margins by 20 basis points, while the implementation of the partner management organisation provided margin improvement that was partially offset by customer mix, as large hyperscale customers comprised a larger portion of revenue than the prior year.

Services performance

Services revenue increased by 46.0 per cent to $34.6 million (2019: $23.7 million) and by 44.1 per cent in reported pound sterling equivalents[2]. Professional Services increased by 48.8 per cent to $25.6 million (2019: $17.2 million), which was an increase of 45.2 per cent in reported pound sterling equivalents[2]. Managed Services increased by 38.5 per cent to $9.0 million (2019: 6.5 million), an increase of 41.2 per cent in reported pound sterling equivalents[2].

Excluding Pivot, Services revenues decreased by 7.9 per cent as project activity slowed, with customers either delaying expected spend or cancelling projects while they responded to COVID-19.

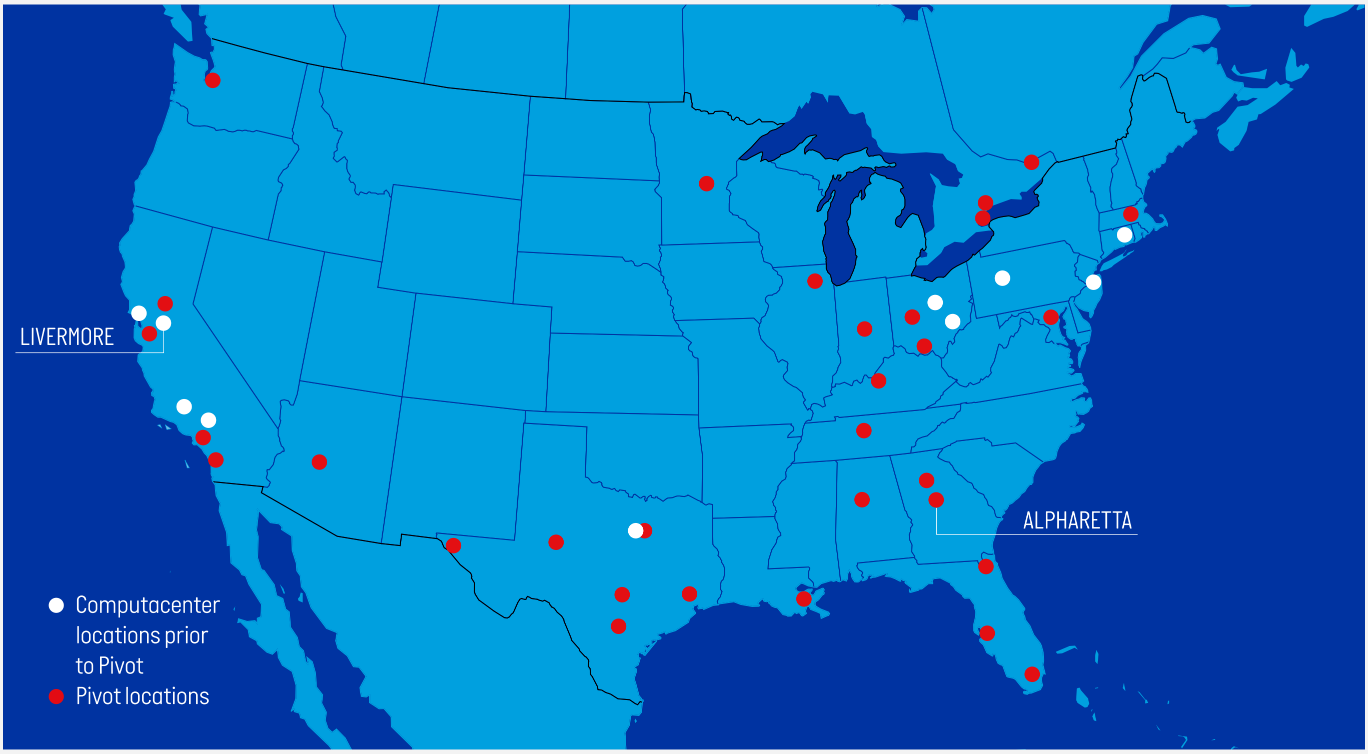
The overall Services performance was mixed. Our pre-acquisition Professional Services business decreased, driven by COVID-19-related project delays or cancellations. The majority of the Professional Services business is with our mid-market customers and that segment was most affected by COVID-19. A bright spot remains our rack fabrication business, which is delivered from our new Integration Center and experienced a strong year. We continue to see significant growth for our Integration Center projects, including complex distributed branch rollouts, as well as global data center build-out projects for our hyperscale customers.

Services margins decreased and are now 431 basis points below the overall combined Group Services margin. While we saw reduced spending on Services, we were not able to reduce costs as much as revenue was impacted. Managed Services improved its gross margin, due to certain higher-margin non-recurring activities.

Left: Integration Center – Alpharetta, Georgia
We have improved our US Technology Sourcing coverage and capability with Pivot.

Bottom left: Engineer working on Data Center rack cabling
We have improved the scale of our Integration & Deployment Services with Pivot.

Below and bottom right: Integration Center – Livermore, California
In 2020 we opened a major new facility next to Silicon Valley, close to major hyperscale customers.



ENABLING SUCCESS BY

INCREASING OUR CAPABILITY AND COVERAGE

The combination of the businesses allows us to scale the organisation and better support our existing and new clients.

Kevin Shank
President, North America

The acquisition of Pivot, which completed on 2 November 2020, significantly increases our scale and capability in North America, allowing us to offer a wider range of services to our customers.

Above: New York City office, opened in 2019

Above: Integration Center – Livermore, California

We have been progressively increasing our capability in the United States since we took control in 2015 of services that were previously partner-delivered. In late 2018 we acquired FusionStorm Inc. and we have been pleased with our progress, especially how our people in the US have embraced our culture and values.

Pivot is an IT solutions provider, with approximately 85 per cent of its revenues from customers in the US and the remainder from customers in Canada, where Pivot's wholly-owned subsidiary, TeraMach Technologies Inc., is a leading IT supplier to the Canadian Public Sector. Pivot's presence in Canada expands our total market opportunity and helps us to meet the needs of international customers. Pivot employs approximately 600 people in the US and around 100 people in Canada.

In the US, Pivot's customers are large enterprises across the country, with particular strength in the West Coast (CA, WA), Central (TX) and South East (GA, FL) regions. We will integrate our existing US operations with Pivot, approximately doubling our North American revenue to over $2 billion per annum and headcount to over 1,200. The acquisition significantly increases our combined coverage and capability, with our Technology Sourcing business benefiting from two major Integration Centers, one on the West Coast next to Silicon Valley in Livermore and the other in Alpharetta, Georgia, with our own-delivered Services in North America increasing to over $150 million per year.

Pivot and our existing US business are complementary and together will offer customers closer to the full range of capabilities that Computacenter provides in its more mature European businesses. Senior leadership in Pivot has been retained and will play a key role in the combined Computacenter business. Kevin Shank, Pivot President & CEO, worked in partnership with Computacenter in a previous role and has been appointed President of Computacenter, North America.

The combination gives us the opportunity to enable the long-term success of customers, partners and people from both teams.

INTERNATIONAL

Whilst 2020 was a difficult year for the International Segment, we are encouraged by the way we returned to good business levels towards the end of the year.

Lieven Bergmans
Managing Director, Rest of Europe

Revenue £m **-9.7%**

174.3

2020	174.3
2019	193.0
2018	102.2
2017	75.3
2016	68.0

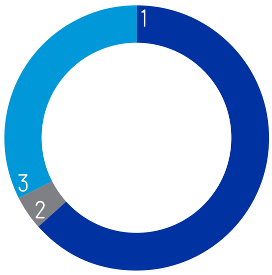
Adjusted[1] operating profit £m **-56.1%**

3.6

Services Contract Base £m **+2.0%**

44.9

Revenue by business type



1. Source 63.4%
2. Transform 4.1%
3. Manage 32.5%

The International Segment comprises a number of trading entities and offshore Global Service Desk delivery locations.

The trading entities include Computacenter Switzerland, Computacenter Belgium and Computacenter Netherlands. In addition to their operational delivery capabilities, these entities have in-country sales organisations, which enable us to engage with local customers. As of January 2020, we started to develop a sales and trading entity in Spain, with offices in Madrid and Barcelona.

These trading entities are joined in the Segment by the offshore Global Service Desk entities in Spain, Malaysia, India, South Africa, Hungary, Poland, China and Mexico, which have limited external revenues.

Members of the Rest of Europe leadership team – part of International

Financial performance

Revenues in the International business decreased by 9.7 per cent to £174.3 million (2019: £193.0 million) and by 11.5 per cent in constant currency[2].

2020 was challenging for our trading entities in the International Segment, especially at the start of the year. Due to the COVID-19 crisis, the business saw a significant decline in both revenues and profitability during the first six months of the year. However, in the second half we saw a remarkable recovery of business volumes and profitability. This positive trend and the promising pipeline at the beginning of 2021 make us confident about our growth ambitions for the coming years.

Adjusted[1] gross profit decreased by 29.4 per cent to £30.7 million (2019: £43.5 million), and by 29.6 per cent in constant currency[2].

Administrative expenses decreased by 23.2 per cent to £27.1 million (2019: £35.3 million) and by 23.9 per cent in constant currency[2].

Overall adjusted[1] operating profit decreased by 56.1 per cent to £3.6 million (2019: £8.2 million), and by 55.0 per cent in constant currency[2].

In 2019 we invested significantly to increase our sales capabilities in Belgium, the Netherlands and Switzerland. Due to the COVID-19 crisis, we did not see immediate returns on these investments.

The Belgian business saw a small decline in profitability in 2020, mainly because of a reduction in contribution in Technology Sourcing. This was due to its focus on customers in the private sector, which we believe has suffered more from the COVID-19 crisis than Public Sector customers. Our Managed Services contribution has grown year-on-year as key private customers continue to count on Computacenter to support the business with the new normal: users working from home.

The Swiss business was also affected by the pandemic. However, a more important reason for the profitability decline in 2020 was the significant scope change in our two major Managed Services contracts. As we anticipated that this could happen, we invested in 2019 and early 2020 in additional sales capacity and Technology Sourcing capabilities. We are pleased that we have been able to offset part of the Managed Services profitability decline with these new capabilities.

Our business in the Netherlands had a difficult first half but its performance improved in the last five months of the year. Whilst Public Sector spending was very slow at the start of the year, we have been able to win and develop significant contracts that started to become very active towards the end of the year. Additionally, we are encouraged by the win of an international procurement and services contract with a large petrochemical company. This is particularly pleasing as this is an international contract where we will be able to leverage our worldwide capabilities, either through our own operations or through strategic partners.

In early 2020, we started to build a sales team in Spain. This business has currently onboarded a team of around 15 account managers and specialist salespeople. Whilst it was difficult to gain market share during the pandemic, the Spanish team has progressed well in developing a local sales pipeline and leveraging some existing international contracts. Furthermore, the team has been concentrating on achieving vendor certifications with Cisco and the ISO 9001 and 14001 quality accreditations.

Technology Sourcing performance

Technology Sourcing revenue decreased by 10.7 per cent to £110.5 million (2019: £123.7 million) and by 12.4 per cent in constant currency[2].

During the early months of the COVID-19 crisis clients reduced spend, particularly in the private sector. Investments around the workplace remained important, as organisations were required to enable their end users with new ways of working. We struggled, however, to maintain the same volumes as previous years in the data center, networking and security business lines.

As we want to build a business for the long term, we have continued to work with organisations to identify their future requirements, even when they were not clear that investment decisions could be made. As it was difficult to meet customers in the traditional way, we have been creative in developing new ways of presenting our offering, discussing their needs and creating proposals. For example, in Belgium we have developed virtual 'meet-the-expert' information sessions, where we share insights such as how organisations can better anticipate new challenges like those we all faced in 2020 or discuss new technology trends.

Towards the end of the year, Technology Sourcing business volumes returned to normal, as some organisations decided to push ahead with infrastructure projects that were put on hold earlier in the year. Additionally, the workplace business remained very busy throughout the year. We could have had an even stronger end to the year in this business line, but we were confronted by reduced availability of systems from all of our main vendors. On the other hand, this has resulted in a strong order book to start 2021. We are confident that in the coming years we will continue to reap the benefits of the investments we have made to increase our sales capacity in the entire International Segment.

Services performance

Services revenue decreased by 7.9 per cent to £63.8 million (2019: £69.3 million) and by 10.0 per cent in constant currency[2]. Professional Services revenue increased by 80 per cent to £7.2 million (2019: £4.0 million), and by 75.6 per cent in constant currency[2] whilst Managed Services decreased 13.3 per cent to £56.6 million (2019: £65.3 million), and by 15.3 per cent in constant currency[2].

In general, we were pleased with the performance of our Managed Services business. All major contract renewals were concluded successfully and we have been able to increase our Contract Base slightly. As mentioned, our Swiss business was affected by the revised service scope for two of its major contracts, but we are committed to continuing to help our customers succeed and look forward to new extension opportunities in the future.

Our Professional Services business suffered from the COVID-19 crisis, as many customers were forced to reduce projects due to financial pressure or for practical site access reasons.

Whilst 2020 was a difficult year for the International Segment, we are encouraged by the way we returned to good business levels towards the end of the year. Additionally, we have a continued opportunity to gain further market share in each of our operations, mainly by leveraging the offering we have developed as a Group and by using our strength on an international level.

OUR BUSINESS IS ABOUT TECHNOLOGY. BUT FIRST OF ALL IT'S ABOUT PEOPLE.

Computacenter is a people-centric company that depends on its employees to deliver real value to its customers.

We therefore need to attract talented people and engage and inspire them to do their best for our customers, Computacenter and themselves.

This requires us to provide the right tools, training and development, so our people feel valued and work for a company they believe in.

In this section

- Protecting our people while supporting customers during COVID-19
- Transforming our people management capabilities
- Attracting talent
- Diversity and inclusion (D&I)
- Computacenter's culture and values
- Employee engagement
- Health, safety and wellbeing

Non-financial information statement

The content of this section forms our non-financial information statement, with the exception of the Business Model which can be found on pages 16 to 17, Principal Risks and Uncertainties (pages 71 to 76) and Strategic Priorities (pages 26 to 27).

Members of the Group HR team

PROTECTING OUR PEOPLE WHILE SUPPORTING CUSTOMERS DURING COVID-19

As we stepped into 2020, we could never have planned for the impact of COVID-19. However, as the seriousness of the outbreak became more apparent during February, we formed a team to begin risk assessment and planning for the possible business impact. By early March, we had created a Global COVID-19 task force, led by our Chief People Officer ('CPO'), CIO and Services operations, and reporting to the CEO. By mid-March, the team were meeting twice a day to execute plans to get our people safely home, keep them working and continue to deliver for customers. Throughout, our mantra has been keep our people safe, deliver for our customers and act for the long term.

We responded to the global lockdown by moving almost 90 per cent of our global workforce to homeworking over a two-week period. The Group Information Systems team quickly scaled our virtual private network capacity and provided laptops and other IT equipment to enable effective homeworking. We set up short-time work and furlough schemes in seven countries, utilising government support in some countries and putting our own schemes in place in others. For most countries where government support was provided, Computacenter also contributed to schemes to enhance pay for our people who were furloughed. The funds we received in April under the Job Retention Scheme in the UK were repaid in full. For countries without any government support, we enabled managers to provide flexibility to staff, while ensuring we kept delivering great service to our customers.

TRANSFORMING OUR PEOPLE MANAGEMENT CAPABILITIES

In 2020, we delivered the majority of the AHEAD Digital Transformation programme and moved the management of our HR systems strategy and projects into the HR operating model. The programme has been crucial, giving HR a more consistent global capability, providing the data to help us be highly responsive to the continuous changes in the global situation during the pandemic, and helping to support planning and management of our response for our people and our business.

Overall, we have already seen considerable benefits from our new processes in the following areas:

Service and user experience

- Our people have access to the right people to answer their queries, via the new global HR helpdesks in Hungary and Germany.
- We have consistent Group processes for managers in recruitment, variable pay, pay review and employee recognition, and a new learning platform.
- Our managers are seeing benefits, including less time spent and reduced manual intervention on many processes such as pay review and variable pay.

Global scalable HR model

- We have the foundation for aligning HR systems, which enables global scalability and the opportunity to continuously improve and develop our manager, candidate and user experience.
- We have Group centres of excellence, to support the business in recruiting, developing, rewarding and engaging our people.
- We have consistent employer branding globally, with a single global recruitment database.
- All of our new HR processes are signed off for compliance and have works council agreement.

Data and management information (MI)

- We have created a reporting, analytics and market intelligence capability to enable change and continuous improvement and governance.
- We have Group MI tools through a centralised source for both HR and the business.

Our priority for 2021 is to build on this foundation, in particular in three key areas:

- Supporting business growth, through the ability to consistently deliver our HR processes into new geographies, such as India and the US.
- Refining and improving the HR tools and efficiency, by completing the rollout of our HR systems to the Computacenter Group countries and refining the processes within the operating model.
- Enhancing HR operational effectiveness, through further automation of our processes and increasing the capability of our HR analytics and information.

ATTRACTING TALENT

After a strong period of recruitment in January 2020, we were hit by the uncertainty of COVID-19. Due to our personal, timely and very transparent communication approach, we were able to build a strong talent pipeline and improve our employer brand during this time, receiving a high level of positive feedback from candidates on our approach.

During this initial stage of the pandemic, we quickly switched to a virtual assessment and selection process and provided hiring managers with updated training material, to ensure the business was properly supported and candidates received a professional and engaging process. This approach was recognised by the leading German employer rating portal Kununu (equivalent to Glassdoor), which awarded us a higher score and recommendation ratio than many of our competitors, in a survey it conducted on how employers had managed the pandemic during the first phase.

By the end of 2020, we had recruited around 2,000 people across the Group, a similar number to 2019. However, there was a shift by country and target groups. The majority of talent acquisition activity was in the UK, France and Germany, focusing on sales, consultancy and engineer roles. We also increased our Future Talent apprentice and graduate programmes, due to the quantity and quality of the applications we received, offering us a great opportunity to drive forward with one of our strategic recruitment pipelines.

2020 also saw us invest in our employer brand, to ensure it reflected the changes we had made to our talent acquisition processes and approach as a result of the pandemic. This included new design, photos and video concepts, as well as producing material to support our continued growth in 2021, focusing on our values and our purpose. We also invested in a modern and comprehensive blended learning solution on best practice interviewing, training our interviewers to deliver better outcomes for our candidates and our business.

Our talent acquisition capability has progressed significantly through the investment in tools and the function has evolved into a Group centre of excellence, allowing us to refocus resources across countries, to meet local recruiting demand peaks and troughs.

Developing and supporting our talent

In response to the pandemic and national lockdowns we set up a dedicated learning site on our My Learning channel to support our people working remotely. We covered topics such as 'how to stay connected', 'keeping well and healthy', 'managing yourself and your teams remotely' and 'embracing virtual teamwork and using remote working tools like Microsoft Teams'. We virtualised 90 per cent of our training offerings and continued to deliver virtual sessions, for example on behaviours, motivation and aptitude, to minimise the disruption to people's personal development. We set up social learning channels with business areas, to promote personal development and engage learners digitally, which has received great engagement and feedback as people enjoy the flexibility of their investment in learning.

In autumn 2020, we started to prepare for our Executive and senior team succession planning and development, which included an internal needs analysis as well as utilising learning organisations such as Gartner, CIPD and CRF for industry best practice. We are now starting the pre-launch of the first phase of our new succession planning programme.

Three flagship leadership development programmes were developed and launched globally. These were 'Leadership Basics', for our aspiring leaders, 'Mastering Personal Leadership', for our new leaders and 'The Purposeful Leader', for our experienced leaders. All have received acclaim for relevance, effectiveness and providing value. The flagship programmes are one element of a comprehensive learning roadmap, which has been developed for leaders to select the learning intervention that best suits them. To support our existing leaders with their development, we have also started to pilot a 'self-reflection' approach, which will support leaders to assess their leadership strengths and development needs.

Performance management

Having piloted a new employee performance and development approach focusing on continuous dialogue between managers and employees in Germany in 2019, we were in a strong position for performance discussions to become remotely managed during 2020. We quickly adapted a version of this for many employees and continued to improve the approach before launching to all employees across the Group, including a supporting tool, in January 2021.

DIVERSITY AND INCLUSION (D&I)

One of the most important factors in Computacenter's growth as a global business is ensuring that all our people are valued and supported to reach their full potential. Having a diverse and inclusive organisation enables us to:

- attract, retain and promote the best talent;
- create strong leaders;
- utilise the diverse experiences, skill sets and ways of thinking that our employees provide;
- understand and reflect our diverse customers, enabling us to provide them with the best possible service;
- recognise local and legal differences across the Group;
- improve performance; and
- be more innovative and forward thinking.

Computacenter is built on our Winning Together values, one of which is understanding people matter. We commit to 'building strong, rewarding, supportive relationships and to treat people as we expect them to treat us'. We want to create a sense of belonging through our Group approach to D&I, delivered through a local lens to make sure whatever we do is appropriate for our people in their local context. We are committed to making sure our culture is one where everyone is valued, respected and able to be themselves.

Inclusion is not something that can be led by one person, or even a team of people, because we all experience the workplace differently. We need our people to bring D&I into their everyday conversations, ask questions, share best practice and champion D&I. To do this, we are embedding conversations on D&I into everything we do. However, we know that there are specific topics and issues that are important to focus on, so alongside this we are targeting key areas. Our six pillars of D&I were developed by our people, to help us to structure and focus our work. They are:

- Gender – Balancing the gender mix in a male-dominated industry.
- Culture – Respecting the diverse cultures, ethnicities, religions and beliefs that make up our international family.
- Be Heard – Making sure everyone knows they are valued and listened to, regardless of age, seniority or length of service.
- Accessibility and Wellbeing – Making sure everyone at Computacenter has the support and environment they need to fully participate.
- LGBT+ – Embracing the diversity of our workforce's sexual orientation and gender identity.
- Life Balance – Finding a balance that works for each individual and their personal circumstances.

Key themes that run alongside the six pillars are recruitment and retention and organisational culture. We have continued to focus on our key objectives this year, which include improving our gender balance and promoting positive wellbeing, and have made significant progress. We have delivered our first Group-wide wellbeing training, launched our healthy leadership training for managers and expanded our Growing Together programme across the Group, which focuses on supporting women to achieve their career goals.

Our People Panel is chaired by Mike Norris, our CEO, and brings together more than 35 people from across the Group, with a mission to create a culture which is fair, where we value and respect differences and understand that people matter. To do this, the People Panel promotes a fair and inclusive culture, researches best practice and shares it across our business, encourages change, measures progress and communicates.

The Group has a dedicated D&I manager, who centrally coordinates our activities. We also have established a D&I project team, made up of about 20 people from across the Group, who look at how we can drive D&I in every part of our hiring, retention and engagement processes.

Gender diversity

The table below shows our gender diversity at the year end:

	2020*		2019	
	Women	Men	Women	Men
Board	2	7	2	7
Senior managers	25	98	24	91
Other employees	4,196	12,340	4,062	11,890
Total	**4,223**	**12,445**	**4,088**	**11,988**

* Includes the headcount for the acquisitions made in 2020.

Although the proportion of women employed in Computacenter is in line with industry norms, we are committed to increasing it. Initiatives specifically aimed at improving gender diversity include our Growing Together (UK) and Women@Work (Germany) networks, which are delivering real benefits. In addition, we have seen good growth in the number of female senior leaders across the Group during the year.

We were delighted that two of our female leaders were recognised at the CRN Women in Channel Awards 2020 in the UK. Julie O'Hara was named winner of 'Woman of the Year' and Helen Croft named winner of 'Sales Employee of the Year'.

Ethnic diversity

One of our key successes this year has been the launch of the first of our new Employee Impact Groups (EIG), focusing on ethnic diversity. Our new EIG enables our employees to influence and create sustainable change within the business. The EIG includes members from across the business who meet and work towards the objectives shown in the diagram below.

The EIG launched first in the UK, creating a network of over 140 people and delivering its first two events, which celebrated Black History Month and hosted a discussion on identity. The EIG continues to work to drive progress with this important issue, with the sponsorship of our Chief Executive and the support of our Chief People Officer.

Speak FREELY
Create an environment which enables employees to speak openly, and to identify actions to improve employee experience.

Help EDUCATE
Facilitate the delivery of targeted education to every Computacenter employee, to equip them with the knowledge they need to promote a positive and inclusive environment for all.

DATA
To ensure we have data that enables us to measure the success of ongoing work.

Cultivate TALENT
Support the recruitment, retention and advancement of a more ethnically diverse talent pool across all job levels.

External IMPACT
Support external initiatives as part of our commitment to making the IT industry more accessible to people from ethnic minority backgrounds.

In Germany, we also had two winners in the Women's IT Network awards. Katja Könnecke won 'Team Leader' and Linda Schneider was named as 'Young Leader'. These wins showcase once again Computacenter's female talent and our focus on increasing gender diversity within the Group.

Simone Heitmann, Partner Management, was recognised as one of the 30 most influential women in the European channel by Channel Partner Insight.

At the EMEA Canalys Forum, Diversity and Inclusion Partner of the Year was awarded to Computacenter. It is the second year for this new awards category. Computacenter's submission demonstrated its commitment to driving diversity and inclusion across not only its employees but also its suppliers, while at the same time achieving strong revenue and profit performance. As part of its emphasis on Board-driven diversity and inclusion values, it is also taking action to reduce its environmental impact.

COMPUTACENTER'S CULTURE AND VALUES

Computacenter is a people-centric company that depends on its employees to deliver real value to its customers. We have a well-established culture, developed over nearly 40 years from the beliefs and strong direction of our founders and leaders.

Computacenter has a highly positive, customer-centric, performance-aligned culture, based on having committed people who deliver fantastic results for our customers every day, who feel engaged and motivated and enjoy coming to work. Our culture contributes to an average length of service of more than nine years. We also frequently see people rejoining Computacenter after taking roles elsewhere or having career breaks.

Our culture directly supports our purpose and is underpinned by our Winning Together values. Our Purpose was launched during 2019 and has been cascaded throughout the business by the leadership in the different countries and business divisions. Our Purpose is a multi-layered message, which enables our people across the business to understand what we do, why we do it and how we deliver successfully for our customers, our business and for each other.

Our values are at the heart of how we operate as a business and underpin our leadership principles of driving success by collaborating, being inclusive, having an open mindset, innovating and leading as a coach. These leadership attributes are utilised when recruiting for future leaders and as part of our leadership development programmes. We use our values in every aspect of our people engagement, from recruitment through to recognition, and throughout our people's career development. Our performance management process links directly to our values and guides our people's behaviours, as well as directing their achievements.

As we grow, maintaining our values and culture becomes even more important. Across different offices and countries, Company values are the only constant and they play an integral role in shaping company culture. Therefore, to create a sense of community in a multi-national organisation that has employees based on customer sites and remotely, we must continue to monitor and reinforce our Company values at every opportunity, while being respectful and embracing local culture and ways of working. To that end, our Group approach to values is cascaded in-country through our leadership and our HR teams, to ensure that we have the right balance of Group culture and local application.

OUR WINNING TOGETHER VALUES ARE:

Winning Together
Our Values

We win by:

Putting customers first
We work hard to get to know our customers and really understand their needs. This lets us use our experience to help them in the right way at the right time.

Being straightforward
We're practical and pragmatic. We believe in solutions over talk. We express ourselves in the clearest possible way. And we're open and honest in all of our dealings.

Keeping promises
We do our very best to keep our promises. And when that's difficult, we help our customers find other ways of solving their problems.

We do this together by:

Understanding people matter
We build strong, rewarding, supportive relationships. And we treat people as we expect them to treat us.

Considering the long term
We're building a business for the long term. This leads our decisions and actions and helps people really trust us.

Inspiring success
We're proud of the people we work with. We do the best to support each other through the downs and we always celebrate the ups.

EMPLOYEE ENGAGEMENT

We know engagement is key to our success and that a highly engaged workforce helps us deliver better outcomes for our customers. Employee engagement was more critical than ever in 2020. The pandemic has created the need to remain connected with our people and engage in different ways, recognising the pressures they face with home and work. This has included a step change in communication with our people, both at a Group and country level, so they understand how we are managing our response to the pandemic and the support available to them.

It was also important that we measured our employees' engagement and wellbeing, in the new remote management world they were experiencing. We ensured this was carried out regularly across the globe, through a mix of country, function and team-specific methods, carrying out spotlight surveys and collecting feedback from our people through seven different surveys. Through these, we identified key themes, areas of strength and opportunities for further support. In response, teams from across the business have worked with leadership and HR to provide further support to our people and to improve employee wellbeing. The greatest feedback we had through the employee surveys we ran during 2020 was that our people felt well supported by Computacenter and that they had great respect for their leaders.

We have a number of different forums for engaging with our people. These include our People Panel, which is described on page 46. In the UK, we have MyForum, and we have Works Councils in Germany, France, Spain, Belgium, Switzerland and the Netherlands, as well as a European Works Council. All of these meet regularly with the Group Executive team and other senior managers, to provide business insight and inform how the business is managed. These engagements have predominantly been online during 2020 and, in the case of our works councils, more frequent meetings have been held to engage on changes to employee working patterns during the pandemic.

Our Senior Independent Director, Ros Rivaz, is our nominated Non-Executive Director aligned to our people. She has performed this role for three years and has engaged with employee representatives such as our European Works Council, as well as attending a number of People Panel and EIG sessions in order to gain direct insight from employee representatives across the Group. These insights are shared with the Board and are brought into Board discussions to ensure that the employees' input is heard and taken into account. These employee interactions are highly appreciated by the employee groups and feedback regarding Ros' engagement is unanimously positive.

Improving the employee experience

In March 2020, we launched a global peer-to-peer recognition tool called 'Bravo!' This allows our people to immediately recognise the contributions of their peers and to thank them for it. The tool is mobile enabled, to allow for fast and frequent recognition. This helps to reinforce our values and outcomes, based on behaviours and best practice. The tool also allows managers to award points for exceptional performance and behaviours, which can be redeemed with selected retailers or donated to our chosen charities in-country. This new tool provides the Group with a global ability to recognise and reward exceptional behaviour and outcomes across all areas of the business, encouraging collaborative working across the Group. The launch of our new recognition tool has proven to be invaluable during the pandemic, as an instant and visible way to celebrate the great achievements, effort and teamwork that took place, particularly at the beginning of the crisis, in a way that we previously could not have done globally or remotely.

Our people policies

Computacenter has a range of people-related polices, covering topics such as equality and respect at work, health and wellbeing, recognition and reward, and whistleblowing. Together, they are designed to ensure that our people are supported, protected and suitably recognised for the contribution they make, and that we are an inclusive and ethical employer, with a diverse, talented and motivated workforce.

Our people can report any HR policy compliance issues to their line manager or HR, or they can call our Safecall whistleblowing hotline, which allows them to report in confidence. All calls to the hotline are handled by an independent third party and the issues are monitored, resolved and reported to the Audit Committee. All other issues are dealt with operationally, through the HR function.

We also monitor other indicators of policy compliance, such as the number of grievance or disciplinary proceedings, which we aggregate at a country level. Our HR managers review this data to see if there are trends requiring Management action. No material policy breaches were identified during the year, either through the whistleblowing hotline or our other reporting and monitoring mechanisms.

HEALTH, SAFETY AND WELLBEING

Protecting those who work for and with us, as well as our customers and members of the public, is extremely important. Computacenter's policy is that, in so far as is reasonably practicable, we will create and maintain an environment that is committed to eliminating or reducing health and safety risks to employees, customers, suppliers, contractors, visitors and members of the public.

Our approach to health and safety is an integral part of the efficient operation of the business. It is based on identifying and controlling hazards and preventing incidents, particularly those involving personal ill-health, injury and damage to equipment or property. Near-miss reports, which identify unsafe acts or conditions, are also investigated, as we recognise these as being an essential method of avoiding future incidents.

We understand that it is not enough to have a general Health & Safety Policy Statement, containing procedures for safe methods and conditions for work. It is more important that everyone concerned is made aware of their responsibilities in implementing the policy. All line managers are therefore required to ensure that the policy is implemented within their areas of responsibility and employees must take reasonable care of their own health and safety and that of others who may be affected by their acts or omissions. Failing to observe the policy can result in disciplinary action.

In addition, Computacenter shall:

- maintain a constant and continuing improvement culture in health and safety performance and encourage all employees to set an example in safe behaviour;

- promote participation and consultation between employees and Management concerning matters of health and safety;
- provide the necessary resources in the form of finance, equipment, personnel and time, to ensure the policy is implemented and maintained; and
- maintain and monitor an online legal compliance register, which includes a commitment to fulfilling legal and other statutory requirements.

Performance
During 2020, we saw a solid health and safety performance across the Group, driven by our robust and well-established health & safety management system. We continued to improve the European Accident Incident Rate (AIR), which is the number of accidents per 1,000 employees and the Accident Frequency Rate (AFR), which is the number of accidents per 100,000 working hours. The number of accidents across the UK, Germany and France have reduced from 123 to 64, which was largely due to the offices not being fully open throughout the year.

Health & safety performance
Average results for 2020:

	AIR	AFR
UK	0.58	0.11
Germany	1.62	0.34
France	0.64	0.14

The UK has had continual uptake of training courses being rolled out. Nearly 11,000 courses have been completed so far, with 1,129 courses completed in 2020. These cover display screen equipment ('DSE'), manual handling, environmental awareness and safe driving.

During 2020, Computacenter remained compliant with all relevant health, safety and environmental ('HSE') legislation. In the UK this has been monitored via the MyCompliance website and reviewed at monthly HSE meetings. In Germany this is monitored through a tool that lists all the tasks relating to the individual HSE laws and records when they are completed. The HSE team has monitored both existing and forthcoming legislation, to ensure compliance. In 2020 our German business received an external award for the best degree of compliance in this area. Each regulatory jurisdiction outside the UK and Germany has a similar programme with appropriate controls and measures in place which form part of our overall compliance management system, which is governed by the Group Compliance Manager and Compliance Steering Committee.

During the COVID-19 pandemic, Computacenter invoked its business continuity planning with the closure of the offices, excluding the Integration Centers, ensuring staff were able to work from home in line with Government advice. The HSE department has supported home workers by assisting HR with working from home advice. We have also supported staff with DSE advice, online training and the supply of standard office chairs and orthopaedic chairs to employees' homes.

Achilles UVDB accreditation (health, safety and environment)
This is required to be able to provide services to utilities companies. The UVDB Verify Hatfield annual Category B2 Interim Site Assessment (Utility Suppliers Verification Audit Scheme – supplier no. 058763) was conducted in a two-day audit.

The results were as follows:

	Management System Evaluation	On-site Assessment
Health & Safety	100%	99%
Environment	100%	100%
Quality	100%	100%
CSR	100%	100%

Wellbeing
Supporting mental health at work is a priority for us and has become even more critical during 2020. With wellbeing at the forefront of our agenda, we quickly developed a new range of support tools across the Group for working from home that included guidance and advice on physical and mental wellbeing. In the UK, this supported the work of our established network of 55 wellbeing champions, who are trained in mental health first aid.

Across the Group, numerous support events and webinars have taken place. These included the launch of 'The SanCCtuary', a new employee wellbeing programme in the UK that was designed to harness the power of activities and content to help people build healthy habits. The programme focuses on four key areas: 'Think Well', 'Eat Well', 'Sleep Well' and 'Exercise Well'.

In Germany, we continued the work we had started through the 'Health Circle', to raise awareness of conditions that can limit people's activities and set up preventative measures. We also continued with our online training on mental health for line managers and offered courses on subjects such as stress. Our awareness programme for employees runs campaigns on a quarterly basis on a variety of wellbeing topics.

Our commitment to further developing our wellbeing support for our employees continues as we start 2021, with the launch of a new global employee assistance programme. This means all our people and their families across the globe now have access to confidential, professional resources and counsellors to support their wellbeing.

Left: Group headquarters – Hatfield, UK
A place where people matter.

Far left: People matter
Neil Hall, UK & Ireland Managing Director

WINNING TOGETHER

A selection of our people from across the Group, sharing their stories about what 2020 has meant for them and their customers.

Making the impossible possible. Implementing things from one moment to the next that were previously unthinkable. It worked because I had the necessary flexibility and stability from the company.

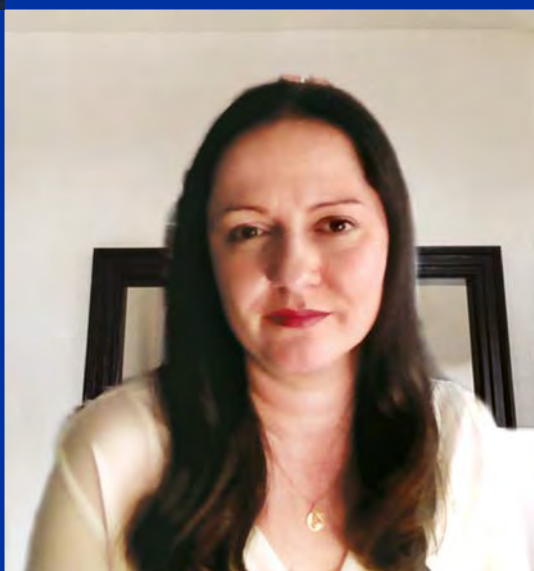
Katja Könnecke
HR Manager Future Talent, Germany

Joining Computacenter in 2020 as part of the Pivot business, I'm proud to know I'm surrounded by a global team of experts that I can share business experiences with and learn from.

Rick Eddings
Vice President Technology Services, North America

The past year has been unprecedented. The successful remote transition of our largest global client, and building a diverse multicultural team in over 70 countries has been a truly rewarding experience for me.

Liane Artmann
Service Manager, Germany



Despite constant challenges, our team rose to conquer Year 2020 with great strength, and I am honoured to have helped keep everyone safe in Computacenter Malaysia.

Bernard Wong
Senior IS & Facility Manager, Malaysia

We will all remember 2020. I will remember it as the year we accomplished the impossible. This was possible because of the tools we had, but more importantly, by people working together to make things happen!

Cesar Villagran
GSD Service Operations Manager, Mexico

I felt safe and empowered to take measured risks and use creativity and innovation to help us deliver solutions that made the world better for our customers.

Colin Williams
Chief Technology Officer, UK

Utilising interactive and virtual solutions helped retain the working culture. I felt recognised, valued, and able to engage with colleagues and customers while working remotely.

Asif Shilston
Software Specialist, UK

The focus and trust we put on our people, customers and partners are crucial to our success. I am proud to be a part of it.

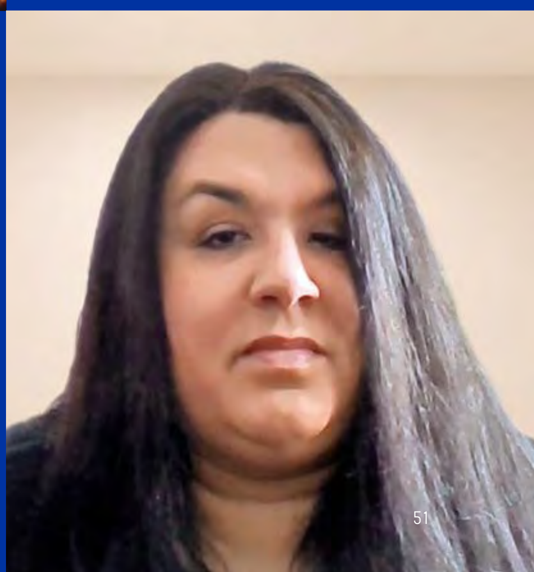
Khaled Thaler
Partner Director, Germany

Facing such an unexpected situation in 2020, Computacenter has remained strong and consistent, demonstrating care for its people and, more than ever, being an amazing partner for customers in need of urgent support.

Anne Mérinville
Projects & Consulting Director, France

This year has given me lessons in both humility and ambition. I believed that the work/life changes couldn't be an excuse not to achieve our goals and I have felt greatly supported by Computacenter.

Angela Dougherty
Service Manager, North America



WE'LL ACT FOR THE LONG TERM AND ALWAYS STRIVE TO IMPROVE WHAT WE DO

We are committed to continuing to reduce our environmental footprint, through investments in renewable energy generation and energy efficiency, and sourcing green energy for the Group, under the leadership of our new Climate Committee.

We value our local communities and look to support them through fundraising and volunteering activities. In addition, we insist on an ethical approach to business, including protecting human rights and zero tolerance for bribery and corruption.

In this section
- The environment
- Greenhouse gas emissions
- Prevention of bribery and corruption
- Wider community
- How we do business

We continue to make great progress with reducing our impact on the environment. Since 2015, we have cut our Scope 1 and Scope 2 emissions by 44 per cent and we expect a further large reduction in 2021.

Tony Conophy
Group Finance Director

THE ENVIRONMENT

Computacenter Climate Committee
In 2020, we established a Climate Committee, chaired by our FD and made up of Group Managers and senior staff with specific environmental interests. The Committee's aim is to debate and propose initiatives to continue to reduce our environmental impact, with some material investments to be approved at Group Executive level. These initiatives were started in the UK and Germany and will be rolled out to all Group operations by the end of 2021. To ensure internal employee communication and participation, we have introduced a dedicated environment section on our Group internal communications portal, which includes the electricity generated each day from the 6,308 solar panels installed on the roof of the Hatfield Integration Center. There is also an environment social media presence.

The impact of all the initiatives shown below is that emissions have reduced from 19,808 metric tonnes of CO_2 in 2019 to 13,856 metric tonnes of CO_2 in 2020 for Scope 1 and 2, a reduction of 30 per cent. The full-year effect of these initiatives will reduce underlying emissions by a further 19 per cent in 2021. Although the two acquisitions made in 2021 will reduce this effect, the 2020 figures do include a full year of RDC, and two months of data from the Pivot and Computacenter NS businesses.

Electricity generation
During 2020, we completed the installation of 6,308 photovoltaic panels on the roof of the Hatfield Integration Center. We believe that this was the largest rooftop installation in the UK in 2020, and based on our experience in the year, we expect that energy generation per annum will be up to 2 million kWh, depending on weather conditions. This will, in turn, save approximately 1.1 million kg from Computacenter's CO_2 emissions.

Above: Photovoltaic system – Hatfield, UK
This is believed to be the largest rooftop installation in the UK in 2020.

Following the success of the new photovoltaic solar panels, the Board has approved the implementation in H1 2021 of two new solar installations at our office and Integration Center in Kerpen. The Kerpen systems will collectively generate circa 1.3 million kWh of electricity per annum. This is another significant investment for Computacenter and furthers our commitment to self-generate electricity wherever feasible.

Green energy purchases

In 2020, the Group committed to two significant new contracts to use 100 per cent green energy for our UK and German operations. For Germany, this was a full year and for the UK it represented two months of usage. We purchased in excess of 24 million pa kWh of renewable energy, which in turn has reduced our Scope 2 emissions by circa 5,952 tonnes of CO_2 in 2020, a reduction of 30 per cent, with an estimated further reduction of 3,852 tonnes of CO_2 in 2021. Our green energy purchases mean that at the end of 2020, circa 30 per cent of the Group's electricity usage was from renewable sources, which will rise to circa 75 per cent at the end of 2021.

In addition, Group electricity usage in real terms reduced by 17.8 per cent in 2020 versus 2019. The UK equated to 50.3 per cent of Group electrical usage, and the rest of the world a combined 49.7 per cent. In 2020 consumption was 35.4 million kWh, down from a 2019 total of 41.7 million kWh. Note that 2020 figures include full-year RDC consumption of 1.1 million kWh following their acquisition. For further information on RDC's role in reducing our environmental impact on the supply chain refer to page 20. This is a major focus for Computacenter and enhances our environmental credentials still further.

Group fleet

For our main car fleets in the UK, Germany and France, we introduced a policy restricting maximum car emissions to 110 grams of CO_2 per vehicle. This has resulted in greater emphasis on low and ultra-low emission vehicles. We have also installed electric charging points at our UK and German Integration Centers.

Group travel

Business travel is necessary for us, both for our customer requirements and for our own staff. However, we intend to reduce business travel and to ensure all business trips are truly necessary. This will help reduce both cost and carbon emissions. Travel emissions reduced materially in 2020 due to the impact of COVID-19, with most meetings carried out by video conference, and we aim to use this experience to reduce travel when the pandemic is behind us. We are investing further in technology to allow greater use of existing communication platforms. We believe that we can reduce emissions from business travel by up to 35 per cent by 2025, compared to 2019. We will also reduce our property locations over time, as homeworking becomes more commonplace.

Group carbon emissions

The table on page 54 highlights the real progress the Group has made in recent years, through concentrated effort and investments in initiatives, technology and green energy. These reductions are despite growth through acquisitions and in Group revenue. In 2021, we will see the Group's carbon emissions reduce by an estimated 35 per cent, due to our new Kerpen solar installation and the impact of a full year of the UK green energy contract.

Delivery of goods to customers

We have some UK customers who ask us to send products from the UK to EU countries. As part of our Brexit preparations, we have successfully negotiated with many of these customers and the relevant suppliers to despatch products from our Kerpen Integration Center instead of from the Hatfield Integration Center, with the triple benefits of reducing potential Brexit challenges, reducing delivery charges and reducing our environmental impact. We are reviewing similar issues across the Group and are negotiating with a large US customer to agree a process to despatch European requirements from Kerpen, rather than from Livermore.

Above: Operating dashboard of the Hatfield solar installation
CO_2 emissions per employee have fallen from 1.92 tonnes in 2015 to 0.84 tonnes in 2020.

Group	Annual Report 2015	Annual Report 2016	Annual Report 2017	Annual Report 2018	Annual Report 2019	Annual Report 2020
Total Scope 1 and 2 emissions	24,795	25,518	22,662	19,741	19,808	13,856
Metric tonnes per £1 million of revenue	8.11	7.86	6.20	4.53	3.91	2.55
Metric tonnes per employee	1.92	1.80	1.54	1.30	1.23	0.84

Other initiatives

We have implemented various IT tools and programmes to send an increasing proportion of our circa 100,000 sales invoices each month through e-invoicing. Along with similar initiatives, this saves paper and reduces our use of postal systems, thereby lowering costs and our environmental impact. Currently, less than 10 per cent of UK sales invoices are sent by post and we aim to reduce that number still further in 2021. A new system was implemented to centralise invoice production and despatch in Germany, resulting in a significant reduction in paper invoices.

Carbon Neutral/Net Zero

The Board is aware of the commitments by the UK and other governments to achieve country-level carbon neutrality within specified timescales. Our Climate Committee has been tasked with looking at all recognised carbon offsetting schemes and investigating the possibility of offsetting, to help Computacenter further reduce its carbon footprint. We will report on this important area in due course.

Manchester Data Center cooling system upgrade

Computacenter completed a £1.6 million air conditioning unit refresh, replacing the existing units with energy efficient equipment. These new units are state-of-the-art dual cool air conditioning units, which make use of 'free' cooling from the environment when the external temperature is low. We are also upgrading the chilled water system to take full advantage of the free cooling from the water chillers. A new ACIS building management system has been installed that will control the Data Center environment to ASHRAE guidelines, whilst making it more energy efficient by reducing electrical consumption by 12.5 per cent and thus improving the PUE Data Center efficiency metric to 1.58. The combined energy consumption reduction should be 16 per cent.

General data center estate

From the beginning of 2018, our data center technical teams have conducted several energy saving projects and have achieved outstanding results. In 2017/18 we enlisted the services of industry experts, Operation Intelligence, to partner with us and enhance our skills to operate the data centers more efficiently. With this increased knowledge and several key projects, we have successfully reduced our consumption at all our UK Data Centers. We have seen a 14 per cent reduction in our consumption over the whole data center estate in 2020, compared with 2018.

LED lighting

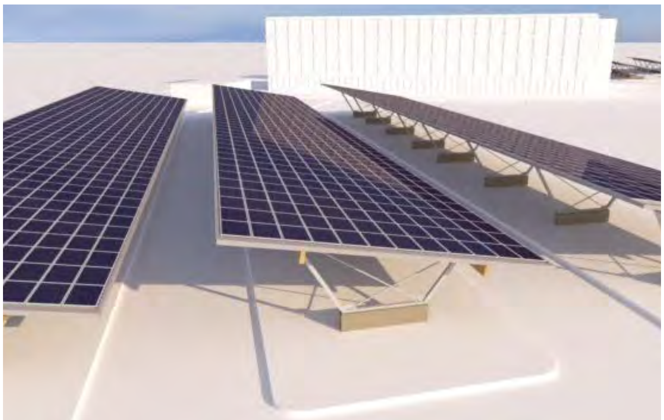
LED lighting systems are a long-term investment, which last significantly longer than fluorescent lighting and up to 50 times longer than traditional incandescent lighting. LED lighting solutions offer tremendous energy and maintenance savings that easily justify their higher upfront cost. Computacenter has been specifying LED whenever replacements are needed, and this is an ongoing activity throughout our offices and will remain a focus. In 2020 we replaced all lighting in our 330,000 sq. ft RDC recycling facility in Braintree, which is expected to reduce annual electricity consumption from circa 994,000 kWh to circa 393,000 kWh, a saving of circa 60 per cent.

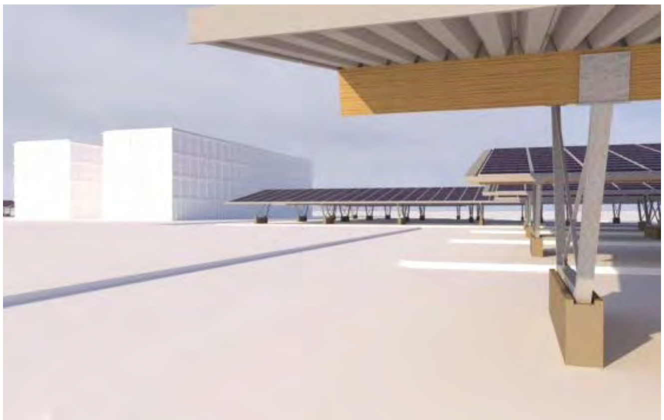
Tree planting

Our Climate Committee members are championing the planting of new trees at our offices in suitable locations. We planted 50 trees on our Hatfield site in 2020 and aim to do similarly at our large Kerpen site in 2021. Redeveloping areas with new trees gives both carbon and aesthetic improvements. In our French business, we have purchased 330 trees through a local initiative to ensure we are offsetting some of our carbon footprint in the area.

Single-use plastics

Through our Climate Committee, we are eliminating this harmful waste stream from all Computacenter locations, finding alternative replacements to drinking, catering and packaging requirements. We have eliminated single-use items such as plastic cups and bottles from our two large headquarter sites at Hatfield and Kerpen, as well as in other premises. By the end of 2021, we aim to have eliminated similar usage across all major sites, including the two acquisitions made in 2020.





Above left and above right: Photovoltaic system – Kerpen, Germany
An artist's impression of the new car park photovoltaic system.

GREENHOUSE GAS EMISSIONS

The Company is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from Group activities. Details of this can be found below. Further details of our environmental policies and programmes can be found on our corporate website: computacenter.com.

Computacenter plc mandatory greenhouse gas emissions reporting

Global GHG emissions data for period:
1 January to 31 December 2020.

Emissions = metric tonnes of CO_2e

Year	2020	2019
Scope 1	**5,640**	3,306
Scope 2	**8,216**	16,502
Total	**13,856**	19,808

Scope 1 = Combustion of fuel and refrigerants usage
Scope 2 = Electricity, heat, steam and cooling purchased for own use

Group's chosen intensity measurements:
Emissions as reported above are 2.55 metric tonnes per £m of Group revenue: (2019: 3.91 tonnes, a reduction of 34 per cent).

Emissions as reported above are 0.84 metric tonnes per Group employee (2019: 1.23 tonnes, a reduction of 31 per cent).

Methodology

We have used the main requirements of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).

Emission factors used are from the UK Government's Conversion Factors, supplied by DEFRA.

External consultants provided Excel spreadsheets that were further developed internally to include the full requirements to collate the additional emissions, such as refrigerants.

This activity has been conducted as part of our UK Environment Management System (EMS) ISO 14001:2015 standard (EMS 71255).

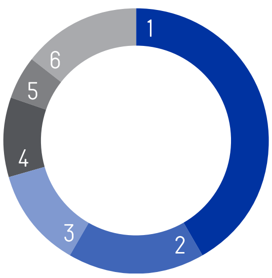
Group properties included in this report are all current locations in the UK, Germany, France, Belgium, Spain, South Africa, USA, Switzerland, Malaysia, Hungary, Mexico, India, Poland and the Netherlands.

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

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.

Packaging Waste Regulation	Via the compliance company Paperpak, Computacenter UK is registered as a distributor of product ensuring full compliance since 2000.
ISO 14001:2015 (EMS 71255)	The EMS of the UK has been registered to this standard since 2003.
Energy Savings Opportunity Scheme (ESOS)	Computacenter complied with this legislation by submitting its energy report, which covered the period 1 April 2018 to 31 March 2019. The next submission is required in 2023.

Emissions = 13,856 metric tonnes of CO_2e



1. UK 41.77%
2. Germany 16.81%
3. France 12.12%
4. USA 9.76%
5. Netherlands 5.25%
6. Others:
South Africa 4.26%
Belgium 4.17%
Switzerland 1.61%
Mexico 1.56%
Malaysia 0.86%
Spain 0.84%
Hungary 0.74%
Poland 0.26%
India 0.01%

Above: Tree planting – Hatfield, UK
FD and members of the Climate Committee, planting new trees at our Hatfield offices.

Above: Electric vehicle charging point – Hatfield, UK
One of 12 new electric vehicle charging points installed at our Hatfield offices.

Expert advice

We recognise that climate change is a global issue that requires significant focus from both individuals and companies. It is a journey that we have embarked on and we understand that we need to focus our efforts in the short, medium and long term. The Board believes we have made good progress in 2020 and is pleased with the projects and initiatives we have undertaken.

To ensure we continue in a manner that maximises our investments in and commitments to reducing our environmental footprint, we have engaged Tulchan Communications Group ('Tulchan') as expert advisors to help us plan, communicate and implement our roadmap for the future. Tulchan is an advisor to a wide range of leading companies on financial and broader stakeholder communications, including evolving sustainability strategies. In addition, we have purchased a benchmarking contract with Institutional Shareholder Services ('ISS'), which enables us to monitor and enhance our environmental performance on a wider scale.

Commitment to Science Based Target Incentives (SBTI)

We are pleased to announce we have committed to joining the global movement of leading companies aligning their businesses with the most ambitious aim of the Paris Agreement, to limit global temperature rise to 1.5°C above preindustrial levels and reach net-zero by 2050 for the best chance of avoiding the worst impacts of climate change.

PREVENTION OF BRIBERY AND CORRUPTION

Computacenter has a well-established Anti-Bribery and Corruption compliance framework. This is underpinned by our Ethics Policy which, together with specific Anti-Bribery and Corruption and Fraud policies, provides a clear set of rules and expectations that apply across our business. This is supported by employee training and guidance documentation. The Anti-Bribery and Corruption compliance framework is overseen by the Group Head of Legal and our Compliance Steering Committee and is regularly audited by our Internal Audit function. The framework is supported by our externally managed confidential whistleblowing hotline provided by Safecall, an industry recognised provider of such services. No material breaches of our policies were identified during the year.

We continued to reinforce our zero-tolerance approach to Anti-Bribery and Corruption throughout 2020, providing training as an integral part of our induction process and ensuring continued awareness of our whistleblowing hotline across the Group. This ensures that all employees, contractors, third parties and suppliers know that they are able to report any issues on a confidential basis.

WIDER COMMUNITY

We support our wider communities by working with selected charities. Our three main aims are to:

- demonstrate our commitment to the wider community;
- motivate staff across the Group, by encouraging teambuilding activities in a worthwhile cause; and
- communicate Computacenter's core values to customers, staff and other stakeholders.

Around the world, we continue to support initiatives to raise money for local charities, as well as supporting events and initiatives proposed and run by our employees.

In France, we support the 'Children of the Desert', who work with Moroccan populations isolated in the desert and provide access to education for children. We have also continued our partnership with Aide et Action, to support the schooling of children who are forced into child labour due to their circumstances. We have run further blood donation campaigns in Germany, in conjunction with the Red Cross. In Spain, we continued to work with our charity partner Comitè Català per als Refugiats, a local branch of United Nations High Commissioner for Refugees (UNHCR).

In the UK, we have continued to provide support to the charity partners selected by employees – Make-a-Wish Foundation, British Heart Foundation and Dementia UK. We do this through fundraising steered by the charity committee, which comprises a cross section of employees, from branch administrators to senior Management. We also offer a 'Give as You Earn' scheme, through which employees can make monthly contributions to any UK charity of their choice through automatic deduction from their salaries. In addition, our Bravo! employee recognition scheme also allows employees to donate their voucher rewards to our chosen charities across the Group (see page 48).

Supporting charitable causes is important to us and our people. However, as it does not have a material impact on our business, we have not developed a formal policy setting out our approach in this area.

HOW WE DO BUSINESS

Protecting human rights

Being a socially responsible business benefits the environment, the community, our shareholders, customers and employees alike.

We remain signatories of the United Nations Global Compact (UNGC) and are committed to carrying out business responsibly. As part of this, we incorporate the Ten Principles of the UNGC into our strategy, culture and day-to-day operations, as part of our ethical and responsible business practices. For Computacenter, human rights falls into two areas: protecting the rights of our employees and ensuring we are not complicit in human rights abuses in our supply chain. The human rights of our employees are covered by our people and Health & Safety policies. Human rights in the supply chain primarily relate to the risk of modern slavery. We published our most recent Modern Slavery Statement, covering our 2019 financial year, in the first half of 2020, with our report covering the 2020 year due to be published imminently. We continue to work with a diverse set of suppliers and when selecting who we want to work with, we ensure that our terms of engagement are clear and that they support both our Group values and our wider corporate social responsibility objectives. Our Supplier Code of Conduct sets out the ten principles in the UNGC, which include human rights, and we expect our suppliers to abide by these. We will continue with our commitment to ethical and responsible business practices, ensuring that if modern slavery is identified anywhere within our supply chain, we will not tolerate it.

The Group publicises its whistleblowing hotline to suppliers, to enable reporting of any suspected human rights issues. There were no such issues reported during the year.

Section 172 Statement

Directors' duties – compliance with section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires directors to promote the success of the company for the benefit of the members as a whole and, in doing so, have regard to the interests of stakeholders including clients, employees, suppliers, regulators and the wider society in which it operates. On pages 57 to 59, we have set out how we have engaged with our key stakeholders and how the Board has considered their interests during the year. The Chairman's Statement on page 6 outlines how the Board considered the Group's environmental impact in 2020, and information on our environmental performance can be found on pages 52 to 56.

Section 172 also places a number of other obligations on company directors, namely to consider the likely consequences of any decision in the long term, the desirability of the company maintaining a reputation for high standards of business conduct, and the need to act fairly between members of the company.

Computacenter's Board naturally takes a long-term view in its decision making and this is reflected in our Winning Together values on page 47. The Group's business is based on developing multi-year relationships with customers, as evidenced by more than half of our top 50 customers having been with us for more than a decade. The Directors also have a substantial combined shareholding in Computacenter, totalling 42.2 per cent of total voting rights, and therefore have a significant interest in ensuring the business's continued success in the long term.

The Group has a reputation for high standards of business conduct, including putting customers first and delivering on its promises. This is shown both by our Winning Together values and by the work we have done in recent years to turn around problem contracts. Maintaining a strong reputation in the market is also important to our Technology Partners, who are crucial stakeholders for our business.

The size of the Directors' shareholding directly aligns their interests with other shareholders, while the Board has a majority of independent Non-Executive Directors. Both these factors ensure that all shareholders are treated fairly in the Board's decision making.

Information on the matters considered by the Board during the year can be found on pages 83 to 84.

Stakeholder engagement

Our stakeholders are an important part of our operations and are referenced throughout this report. Details of our key stakeholders and how we engage with them are set out below.

Who they are	Why they are important	How we engage and consider their interests
Shareholders	• We rely on the support and engagement of our shareholders, to allow us to operate the Company effectively and enable success for them and the rest of our stakeholders. • Our shareholder base supports the Company's focus on delivering success over the long term, rather than relying on short-term results.	• The Chairman and Company Secretary conduct a governance roadshow with significant shareholders, following the release of the Annual Report and Accounts. • The Executive Directors undertook virtual investor roadshows throughout the year and in multiple geographies. • The Board approves the half-year and full-year results, and the Annual Report and Accounts. • The CEO and FD deliver half-year and full-year results presentations to sell-side research analysts and institutional shareholders. • The Board intends to attend the 2021 Annual General Meeting, after the truncated format for the 2020 Annual General Meeting. • Investor feedback is presented to the Board through monthly reports and regular broker notes. • The Senior Independent Director writes annually to significant shareholders, offering the opportunity for an individual meeting to discuss any concerns. • The Remuneration Committee Chair wrote to significant shareholders, proxy firms and other interested parties regarding the execution of the Directors' Remuneration Policy in its first year following approval, given the COVID-19 remuneration environment, and engaged with those that responded. • The Company runs biennial Capital Markets days, to engage with sell-side research analysts.
Community	• We recognise the importance of being good neighbours to our local communities, which are also home to many of our employees. This includes our commitment to paying our fair share of tax in the jurisdictions in which we operate, which in turn supports vital public services.	• The Board strives to maintain high standards of governance across the Group, to ensure that we can engage with our communities' environmental and societal concerns. • The Company partnered with the Daily Mail in their Mail Force Computers for Kids initiative to provide new and refurbished donated laptops to schools across the UK, utilising our laptop wiping and recommissioning services via our dedicated subsidiary, RDC. • A charity committee comprising a cross section of employees organises fundraising for our UK charity partners. • The Company remains committed to paying our fair share of tax in the jurisdictions in which we operate. Our adjusted[1] effective tax rate has increased from 22.8 per cent in 2015 to 27.3 per cent in 2020. The Audit Committee reviews the Company's tax strategy and policy each year, to ensure this remains in line with our commitments to our communities. • Community engagement is typically co-ordinated by local management teams. An example is our renewed sponsorship of the next generation of the Hertfordshire Fire and Rescue fire investigation dog.

Who they are	Why they are important	How we engage and consider their interests
Regulators	• Our other stakeholders' interests are best served through proactive engagement with regulatory bodies including the Financial Reporting Council ('FRC') and proxy advisors.	• From time to time, we engage with regulators and policymakers to ensure that our business understands and contributes to evolving regulatory requirements. • The Board receives regular reports that outline the material changes in the regulatory environment in which the Group operates and reviews Management's response to these changes. • During the year, the Audit Committee reviewed Management's response to a letter received from the FRC in relation to disclosures within the 2019 Annual Report and Accounts, to ensure that the response aligned with the Board's position. • The Remuneration Committee consulted with proxy advisors when formulating its Remuneration Policy that was approved at the AGM on 14 May 2020.
Customers	• Customers are at the core of what we do. Our focus on building trust by always delivering on our commitments underpins the culture of the Company. • Staying close to our customers' evolving needs allows us to adapt our strategic approach, to ensure we stay relevant in an ever-changing industry.	• The CEO meets regularly with key customers and updates the Board on his discussions and any concerns raised. The Board considers this feedback when reviewing and assessing the Company's strategy. • Materially adverse customer feedback is reported to the Board. • Client Directors and Account Managers lead teams that build lasting relationships with current and potential customers, to develop a clear view of customer objectives and how these will evolve. • Service Directors and Service Managers lead teams that monitor day-to-day operational performance of key Services contracts, to ensure that our commitments to delivering the service our customers expect are met. • The Board ensures that succession planning for key Client Directors and Service Directors is in place, as part of their annual review with each Country management team. • The Board reviews regular reports on the achievements of the Client Director, Account Manager and Sales Solution Specialist community, to ensure that they have the tools needed to enable their success. • Key contracts where customer contractual commitments are not met are reviewed at every Audit Committee meeting and escalated to the Board where appropriate. • The Board reviews contract governance improvements, to ensure that the Company is empowered to deliver on our promises to customers. • The Board receives regular reports on the Contract Base and the number of significant customers providing over £1 million of contribution for the Company. These reports measure and monitor two of our Strategic Priorities, demonstrating the need to maintain and grow significant relationships with our customers. • The Board received a number of presentations on Company initiatives to improve the service and capability that we can provide to our customers.
Technology Partners	• Our Technology Partners are crucial to our ongoing success. • They are typically leaders in the IT industry, who supply the Technology Sourcing solutions that we sell to our customers. • We remain Technology Partner independent and maintain relationships across the industry, so we can provide the best technology solutions for our customers' needs.	• We hold an annual Group Kick-Off sales event every year in early February. Key vendors from across the industry attend to address our sales force directly and demonstrate the latest in innovation in a Technology Village that accompanies the event. Over half of the Board attended the most recent event in February 2020 and had the opportunity to engage with our Technology Partners directly. For 2021, this event was moved to a collaborative virtual environment, attended by the Chairman and the Executive Directors, and we look forward to the resumption of in-person participation at the 2022 Group Kick-Off. • We engage proactively with our suppliers and have a Supplier Code of Conduct that sets out the high standards and behaviours we expect from them. The code requires our suppliers to incorporate the prohibition of forced labour and human trafficking, together with the ethical and responsible sourcing of goods or services, into their sourcing governance and execution process. • The Board monitors changes in key accreditations in our core geographies, to ensure that we remain relevant to both our Technology Partners and customers. These accreditations are considered when making significant acquisitions. • The Board monitors developments in these relationships and the emergence of new critical Technology Partners.

Who they are	Why they are important	How we engage and consider their interests
Our people	• Our people are the primary reason for the ongoing success of our business. • We are proud of the recognition that we receive for our efforts to continually improve the Company as a workplace of choice for our people and this is reflected in the lengthy average tenure of employment.	• The Board considers the Group's employees to be a key stakeholder and the consideration of their interests forms part of many Board discussions. • Ros Rivaz, the Senior Independent Director, is the designated Non-Executive Director responsible for gathering workforce feedback, a key requirement of the Code, which requires that the Board engage with the wider workforce. Ros was appointed to this role in November 2017 and has engaged with a wide variety of employee representative groups, to hear directly from employees on the issues that concern them. Ros reports to the Board on each engagement, with recommendations for action by senior Management. • Ljiljana Mitic, our German-based Non-Executive Director, has engaged with various representatives of our German business, including Human Resources, to ensure that any specific issues are raised at the Board. Ljiljana has also assisted in the mentoring of local German management through a number of bid processes. • We engage through a variety of channels, including management briefings, videos and presentations by the CEO, to discuss progress made by the business, together with future objectives and challenges. • Employee shareholders normally have the opportunity to meet the Board at our AGM and ask questions. • The Board reviewed its significant investment in a new Group-wide people toolset, which allows a common approach to rewarding our employees and monitoring their progress against objectives and through the Company. The Board will continue to review this implementation, to ensure it is delivering for our people. • The Board approved the payment of a one-off bonus, totalling circa £5.2 million, to approximately 80 per cent of employees in recognition of the Company's achievement of exceeding £1 per share in adjusted[1] EPS. • People-related topics including diversity and talent management are scheduled on the Board agenda. • We conduct an employee engagement survey and have invested in our corporate communications, to help employees understand and deliver our Strategic Priorities. The Board discusses the results of the biennial employee engagement survey and reviewed an action plan to address the issues raised. The Company delayed the scheduled 2020 employee engagement survey until 2021, as the focus remained on supporting employees directly through the COVID-19 crisis.

Non-Financial Information Statement

Computacenter aims to comply with the Non-Financial Reporting Directive requirements contained in sections 414CA and 414CB of the Companies Act 2006. The table below sets out where more information on non-financial matters can be found within this Annual Report and also on our website: computacenter.com. The due diligence carried out for each policy is contained within each respective policy's documentation.

Reporting requirement	Relevant information	Page
1. Business model	• Business model • Strategic Priorities	16 26
2. Principal risks and impact of business activity	• Principal risks and uncertainties • Viability Statement	71 69
3. Employees	• Employees • Diversity policy • Health & Safety • Stakeholder engagement	44 46 48 48
4. Social matters	• Supporting charity and community	56
5. Human rights	• Human rights • Suppliers • Details of our Supplier Code of Conduct, as well as our approach to protecting human rights, can be found on our website	56 56
6. Anti-bribery and Corruption	• Whistleblowing • Our Code of Business Conduct and other related policies, can be found on our website	56
7. Environmental matters	• Environmental matters • Greenhouse gas emissions • Energy use and emissions	52 55 53

ENABLING SUCCESS BY CONTINUED INVESTMENT

The business remained agile and innovative, enabling us to adapt and support our customers in both the private and Public Sectors.

Tony Conophy
Group Finance Director

In 2020, the Group benefited from Technology Sourcing growth in the UK, particularly in the Public Sector, and the continuing strong growth of Professional Services volumes in Germany. This offset revenue slowdowns in some other businesses across the Group, principally due to the COVID-19 crisis.

The Group's return to organic revenue growth in the second half of the year, which excludes the impact of acquisitions, was pleasing, given the significant reduction of spend seen in a number of key industrial customers, as they focused on other priorities. Across the business, we had more customer accounts with declining revenues than those with growth. However, a small number of accounts performed very strongly, which more than offset the weakness elsewhere. The business remained agile and innovative, enabling us to adapt and support our customers in both the private and Public Sectors, as they migrated to a remote working IT environment in the first half of the year and then faced the ongoing challenges brought by the continued COVID-19 crisis. We are immensely proud of the way that our people have responded to our customers' challenges, generating innovative solutions to ensure the business remains a key partner for customers through this period.

The revenue performance was driven by our biggest markets, the UK and Germany, and was supported by increases in gross margins across all business lines. This margin performance was due to a changed customer mix within Technology Sourcing and a reduction of expenses within costs of goods sold, benefiting both Technology Sourcing and the Services businesses. Whilst some of these costs, such as travel, fleet and contractors, will partially return as the Group goes back to its pre-COVID-19 mode of operation, we aim to manage this carefully within certain cost categories and therefore permanently lower the overall cost base.

The Group result saw significant double-digit increases in adjusted[1] operating profit across the UK and Germany, more than compensating for reductions in the French and International Segments. North America saw significant growth in profitability, against a weak comparative year.

Professional Services revenue continued its very strong and sustained growth pattern in Germany, with continuing high demand for our highly skilled people to work on digital transformation, cloud and security projects for customers. The German business is clearly the leader in this area for the Group and has seen demand increase through the

Reconciliation to adjusted[1] measures for the year ended 2020

	Full-year results £'000	Adjustments: Amortisation of acquired intangibles £'000	Adjustments: Utilisation of deferred tax £'000	Adjustments: Exceptionals and others £'000	Adjusted[1] full-year results £'000
Revenue	**5,441,258**	–	–	–	**5,441,258**
Cost of sales	**(4,720,717)**	–	–	–	**(4,720,717)**
Gross profit	**720,541**	–	–	–	**720,541**
Administrative expenses	**(522,054)**	7,434	–	540	**(514,080)**
Operating profit	**198,487**	7,434	–	540	**206,461**
Gain on acquisition of subsidiary	**14,030**	–	–	(14,030)	**–**
Finance income	**475**	–	–	–	**475**
Finance costs	**(6,421)**	–	–	–	**(6,421)**
Profit before tax	**206,571**	7,434	–	(13,490)	**200,515**
Income tax expense	**(52,415)**	(1,695)	–	(715)	**(54,825)**
Profit for the year	**154,156**	5,739	–	(14,205)	**145,690**

Reconciliation to adjusted[1] measures for the year ended 2019

	Full-year results £'000	Adjustments: Amortisation of acquired intangibles £'000	Adjustments: Utilisation of deferred tax £'000	Adjustments: Exceptionals and others £'000	Adjusted[1] full-year results £'000
Revenue	**5,052,779**	–	–	–	**5,052,779**
Cost of sales	**(4,389,665)**	–	–	–	**(4,389,665)**
Gross profit	**663,114**	–	–	–	**663,114**
Administrative expenses	**(516,090)**	4,374	–	94	**(511,622)**
Operating profit	**147,024**	4,374	–	94	**151,492**
Finance income	**980**	–	–	–	**980**
Finance costs	**(7,046)**	–	–	825	**(6,221)**
Profit before tax	**140,958**	4,374	–	919	**146,251**
Income tax expense	**(39,397)**	(1,149)	733	(878)	**(40,691)**
Profit for the year	**101,561**	3,225	733	41	**105,560**

COVID-19 crisis. There remains significant appetite to expand our Professional Services capacity in Germany, whilst rolling out this capability across the Group. The UK Professional Services revenue saw a significant rebound in the second half of the year, as customers re-engaged on projects that were temporarily paused by the COVID-19 crisis in the first half, whilst modest decreases were seen in France, mainly due to the inability to access customer sites.

Managed Services saw revenue reductions across the UK and Germany, continuing the deflationary trend over recent years, but the top line was affected by a number of contracts which are based on price times quantity, rather than a fixed periodic fee. As call volumes to our Service Centers surged at the beginning of the crisis, the field engineer workforce saw significant reductions in activity, due to customer sites being closed. Despite this revenue reduction, margins improved due to significantly increased utilisation of our now remote working engineers, who no longer have to spend otherwise billable time travelling to customer sites, and a significant reduction in the use of external contractors.

The acquisition of Pivot and BT Services France on 2 November 2020 was very pleasing, being achieved in the middle of the pandemic and during a series of rolling national lockdowns. Pivot increases the scale and breadth of our North American business, allowing us to serve a wider range of customers in more locations in the United States. BT Services France will, over time, enhance the network Services offering of our existing French business, improving our go-to-market propositions and aligning the business with our capabilities in Germany, albeit on a smaller scale. Much remains to be done to transform the business and bring it back to break-even and beyond. Combined, these acquisitions added £232.6 million of revenue and £3.2 million of adjusted[1] profit before tax to the Group's 2020 results.

A reconciliation to key adjusted[1] measures is provided on page 61 of this Group Finance Director's Review.

Further details are provided in note 4 to the Consolidated Financial Statements. For the avoidance of duplication, further information on the Group's financial performance can be found on pages 28 to 43 of this Strategic Report.

Profit before tax

The Group's profit before tax increased by 46.5 per cent to £206.6 million (2019: £141.0 million). Adjusted[1] profit before tax increased by 37.0 per cent to £200.5 million (2019: £146.3 million) and by 35.5 per cent in constant currency[2].

The difference between profit before tax and adjusted[1] profit before tax primarily relates to the Group's reported net gain of £6.1 million (2019: net costs of £5.3 million) from exceptional and other adjusting items. This is principally the gain on acquisition of BT Services France, partially offset by the amortisation of acquired intangibles as a result of the acquisition of FusionStorm on 30 September 2018 and Pivot on 2 November 2020. Further information on these items can be found on page 63.

The Group adopted IFRS 16 'Leases' from 1 January 2019, which has resulted in changes in accounting policies and adjustments to the amounts recognised in the Financial Statements, as disclosed in the 2019 Annual Report and Accounts. The current year results include an overall decrease in profit before tax of £2.0 million, including on an adjusted[1] basis, due to the impact of IFRS 16 (2019: £1.7 million).

Net finance charge

The net finance charge in the year amounted to £5.9 million (2019: £6.1 million). The charge includes £4.5 million of interest on lease liabilities recognised following the adoption of IFRS 16 on 1 January 2019 (2019: £3.7 million). A further £0.8 million of cost relates to interest on the term loan drawn down for the FusionStorm acquisition (2019: £1.8 million), along with a £0.3 million cost on the term loan for the Kerpen facility (2019: £0.4 million) and £0.4 million of cost related to the Pivot facility. Interest costs of £0.1 million related to the French retirement benefit obligation were incurred in the year (2019: nil). The prior year net finance charge also included exceptional interest costs of £0.8 million relating to the unwind of the discount on the deferred consideration for the purchase of FusionStorm and a further £0.1 million cost for the unwind of the discount on the deferred consideration for acquisitions, the former of which was excluded on an adjusted[1] basis.

Outside of the specific items above, net finance income of £0.2 million was recorded (2019: £0.7 million). On an adjusted[1] basis, the net finance cost was £5.9 million during the year (2019: £5.2 million).

Taxation

The tax charge was £52.4 million (2019: £39.4 million) on profit before tax of £206.6 million (2019: £141.0 million). This represents a tax rate of 25.4 per cent (2019: 27.9 per cent). The tax rate has fallen primarily due to the inclusion of the gain on acquisition of BT Services France of £14.0 million, recognised on consolidation of the acquired entity. This is not taxable, as no chargeable gain has been realised in any legal entity. Further, the Group's adjusted[1] tax rate has previously benefited from the historical tax losses in Germany, the final part of which was utilised during the previous year. The utilisation of the asset of £0.7 million in 2019 increased the tax rate by 0.5 per cent but was considered to be outside of our adjusted[1] tax measure.

During 2020, a tax credit of £0.7 million (2019: £0.8 million) was recorded due to post-acquisition activity in FusionStorm. This benefit derived from payments which were settled by the vendor, out of the consideration paid, via post-acquisition capital contributions to FusionStorm. As this credit was related to the acquisition and not operational activity within FusionStorm, is a one-off and material to the overall tax result, we have classified this as an exceptional tax item, consistent with the treatment in 2018 and 2019.

The tax credit related to the amortisation of acquired intangibles was £1.7 million (2019: £1.1 million). The £7.4 million of amortisation of intangible assets is nearly entirely a result of the recent North American acquisitions (2019: £4.4 million). As the amortisation is recognised outside of our adjusted[1] profitability, the tax benefit on the amortisation is also reported outside of our adjusted[1] tax charge.

The adjusted[1] tax charge for the year was £54.8 million (2019: £40.7 million), on an adjusted[1] profit before tax for the year of £200.5 million (2019: £146.3 million). The effective tax rate (ETR) was therefore 27.3 per cent (2019: 27.8 per cent) on an adjusted[1] basis. The ETR during the year was lower than the previous year due to the large increase in profitability in the UK, which has lower tax rates than the Group average, particularly Germany and the US. The ETR is within the full-year range that we indicated in our 2020 Interim Results, which showed an ETR of 28.1 per cent (H1 2019: 26.6 per cent).

We expect that the ETR in 2021 will remain under upwards pressure, due to an increasing reweighting of the geographic split of adjusted[1] profit before tax away from the UK to Germany and the US, where tax rates are substantially higher, and also as governments across our primary jurisdictions come under fiscal and political pressure to increase corporation tax rates.

The Group Tax Policy was reviewed during the year and approved by the Audit Committee and the Board, with no material changes from the prior year. We make every effort to pay all the tax attributable to profits earned in each jurisdiction that we operate in. We do not artificially inflate or reduce profits in one jurisdiction to provide a beneficial tax result in another and maintain approved transfer pricing policies and programmes, to meet local compliance requirements. Virtually all of the tax charge in 2020 was incurred in either the UK, German or US tax jurisdictions, as it was in 2019, with Computacenter France, excluding the BT Services France acquisition, now also moving into a taxpaying position.

There are no material tax risks across the Group. Computacenter will recognise provisions and accruals in respect of tax where there is a degree of estimation and uncertainty, including where it relates to transfer pricing, such that a balance cannot fully be determined until accepted by the relevant tax authorities. For 2020, the Group Transfer Pricing policy implemented in 2013 resulted in a licence fee of £27.9 million (2019: £25.6 million), charged by Computacenter UK to Computacenter Germany, Computacenter France and Computacenter Belgium. The licence fee is equivalent to 1.0 per cent of revenue and reflects the value of the best practice and know-how that is owned by Computacenter UK and used by the Group. It is consistent with the requirements of the Organisation for Economic Co-operation and Development (OECD) base erosion and profit shifting. The licence fee is recorded outside the Segmental results found in note 4 to the Consolidated Financial Statements, which analyses Segmental results down to adjusted[1] operating profit.

The table below reconciles the tax charge to the adjusted[1] tax charge for the years ended 31 December 2020 and 31 December 2019.

	2020 £'000	2019 £'000
Tax charge	**52,415**	39,397
Adjustments to exclude:		
Exceptional tax items	**715**	839
Tax on amortisation of acquired intangibles	**1,695**	1,149
Utilisation of German deferred tax assets	–	(733)
Tax on exceptional items	–	39
Adjusted[1] tax charge	**54,825**	40,691
ETR	**25.4%**	27.9%
Adjusted[1] ETR	**27.3%**	27.8%

Profit for the year

The profit for the year increased by 51.8 per cent to £154.2 million (2019: £101.6 million). The adjusted[1] profit for the year increased by 38.0 per cent to £145.7 million (2019: £105.6 million) and by 36.7 per cent in constant currency[2].

Exceptional and other adjusting items

The net gain from exceptional and other adjusting items in the year was £8.5 million (2019: loss of £4.0 million). Excluding the tax items noted above, which resulted in a gain of £2.4 million (2019: gain of £1.3 million), the profit before tax impact was a net gain from exceptional and other adjusting items of £6.1 million (2019: loss of £5.3 million).

The acquisition of BT Services France resulted in an exceptional gain of £14.0 million, which was recognised on consolidation of the subsidiary. The gain arose because the net assets acquired for consideration of €1 totalled £14.0 million after fair value adjustments, including £27.6 million of cash. Refer to note 18d of the Financial Statements for further information on the exceptional gain. The business acquired comprised BT's domestic French services operations which, on acquisition, was loss making on a stand-alone basis. The Company considers that the exceptional gain reflects the future losses that the acquired business will incur over the medium term, as it is brought onto a sustainable footing through a combination of upskilling employees, cross-selling into the Group's customers, alignment with Group processes and systems, and the general improvement of its operating activities. Where possible, future charges relating to this reconfiguration of the business will be disclosed separately to the Group's adjusted[1] results. This will mean that, over time, the future costs incurred can be attributed against the exceptional gain on acquisition recognised in the current year.

An exceptional loss during the year of £0.7 million resulted from the acquisition of Pivot and primarily related to fees paid to the Company's advisors. This cost is non-operational, unlikely to recur and is consistent with our prior-year treatment of acquisition costs on material transactions as exceptional items. It has therefore been classified as outside our adjusted[1] results.

An exceptional gain of £0.1 million related to the release of accrued costs for the French Social Plan. Whilst not material, this has been classified outside our adjusted[1] results to be consistent with where the cost was recognised in 2016, as an additional provision for the effect of winding down the Social Plan.

In the prior year, an exceptional loss of £0.1 million was recognised, comprising costs directly relating to the acquisition of FusionStorm. A further £0.8 million was also removed from the adjusted[1] net finance expense and classified as exceptional interest costs in 2019. This related to the unwinding of the discount on the deferred consideration for the purchase of FusionStorm.

We have continued to exclude the amortisation of acquired intangible assets in calculating our adjusted[1] results. Amortisation of intangible assets is non-cash, does not relate to the operational performance of the business, and is significantly affected by the timing and size of our acquisitions, which distorts the understanding of our Group and Segmental operating results.

The amortisation of acquired intangible assets was £7.4 million (2019: £4.4 million), primarily relating to the amortisation of the intangibles acquired as part of the recent North American acquisitions. The current year value includes the write-off of a number of short-term acquired intangibles relating to the valuation of Pivot order backlogs, due to the expiration of the valued assets.

Other items within adjusted[1] profit before tax

The two items below have been absorbed by the Group within its adjusted[1] profit before tax result and, whilst not exceptional, are one-off in nature.

Group EPS target achievement bonus

Since 2013, the Company has had an internal ambition to exceed adjusted[1] diluted EPS of £1. The Company has grown, developing its capability, reach and reputation to the extent that the goal was achieved during 2020. The Company decided to mark the achievement with a one-off bonus, to recognise those who have been with the Company along this journey. The bonus was given to approximately 80 per cent of employees globally. Senior managers and those with commission-based rewards were excluded, with the focus on those longest serving. For those eligible, the award was £200 or equivalent for an employee who had completed their first year of service, rising to £500 for those with more than seven years of service.

The Company does not intend to make similar payments on a regular basis but reserves the right to share the rewards of success with its employees, if another long-term goal is achieved. The total cost to the Group of the bonus was £5.2 million, which was paid from cash reserves prior to 31 December 2020.

North American restructuring costs

Following the acquisition of Pivot, the senior Management was amalgamated with that of the existing businesses in the US. Whilst a formal restructuring programme is not expected to start until the rollout of the Group's ERP systems and processes is complete throughout the North American operation, several positions were left with an overlap of senior employees. As a result, the Company has agreed with certain senior employees that their positions are in excess of the business's needs and exit packages totalling $1.7 million have been accrued as at 31 December 2020.

Earnings per share

Diluted EPS increased by 50.3 per cent to 133.8 pence per share (2019: 89.0 pence per share). Adjusted[1] diluted EPS increased by 36.6 per cent to 126.4 pence per share (2019: 92.5 pence per share).

	2020	2019
Basic weighted average number of shares (excluding own shares held) (no.'000)	**112,894**	112,514
Effect of dilution:		
Share options	**2,005**	1,655
Diluted weighted average number of shares	**114,899**	114,169
Profit for the year attributable to equity holders of the Parent (£'000)	**153,750**	101,655
Basic EPS (pence)	**136.2**	90.3
Diluted EPS (pence)	**133.8**	89.0
Adjusted[1] profit for the year attributable to equity holders of the Parent (£'000)	**145,284**	105,654
Adjusted[1] basic EPS (pence)	**128.7**	93.9
Adjusted[1] diluted EPS (pence)	**126.4**	92.5

Dividend

The Board recognises the importance of dividends to shareholders and the Group prides itself on a long track record of paying dividends and other special one-off cash returns. However, the Group announced on 23 April 2020 that, as a result of the COVID-19 crisis, the previously proposed 2019 final dividend would not be paid.

Whilst the Group's cash position at the time was strong and trading was in line with our expectations, we continued to explore all opportunities to maintain cash flow and preserve cash balances, in light of the heightening uncertainty about the scale and duration of the pandemic. The Group has approved a number of requests from customers, immaterial in aggregate, for extended payment terms and continues to look for ways to support the short-term cash flow of smaller customers or those that have been materially affected by the impact of COVID-19. Accordingly, the Board believed at the time of the announcement that it was prudent not to pay a final dividend in respect of 2019. Resolution 4 set out in the Notice of Annual General Meeting 2020 was therefore not put to a vote at the AGM and the 2019 final dividend was not paid.

The Group continues to monitor the COVID-19 crisis and the resultant cash flow implications. With the strong results for the period to 30 June 2020 and the corresponding cash flow performance, the Board considered it appropriate to resume distributing cash to shareholders by returning to the Group's normal interim and full-year dividend cycle. The Board was therefore pleased to announce the interim dividend of 12.3 pence per share, which was paid on Friday 23 October 2020.

Computacenter's approach to capital management is to ensure that the Group has a robust capital base and maintains a strong credit rating, whilst aiming to maximise shareholder value. The Group remains highly cash generative and adjusted net funds[3] continue to regenerate on the Consolidated Balance Sheet, which allows acquisitions such as FusionStorm in 2018 and Pivot in 2020, alongside a number of other small acquisitions.

If further funds are not required for investment within the business, either for fixed assets, working capital support or acquisitions, and the distributable reserves are available in the Parent Company, we will aim to return the additional cash to investors through one-off returns of value, as we last did in February 2018.

Dividends are paid from the standalone balance sheet of the Parent Company and, as at 31 December 2020, the distributable reserves were approximately £268 million (2019: £165 million).

The Board is pleased to propose a final dividend for 2020 of 38.4 pence per share. Together with the interim dividend, this brings the total ordinary dividend for 2020 to 50.7 pence per share, representing a 37.0 per cent increase on the 2019 total proposed dividend per share of 37.0 pence, including the final 2019 dividend of 26.9 pence per share that was proposed but not paid as described above.

The Board has consistently applied the Company's dividend policy, which states that the total dividend paid will result in a dividend cover of 2 to 2.5 times based on adjusted[1] diluted EPS. In 2020, the cover was 2.5 times (2019: 2.5 times).

Subject to the approval of shareholders at our Annual General Meeting on 20 May 2021, the proposed dividend will be paid on Friday 2 July 2021. The dividend record date is set as Friday 4 June 2021 and the shares will be marked ex-dividend on Thursday 3 June 2021.

Segmental reporting structure changes

During the first half of the year, Management reviewed the way it reported Segmental performance to the Board and the CEO, who is the Group's Chief Operating Decision Maker ('CODM'). Subsequently, from 1 January 2020 the Group has revised where the results of certain Managed Services contracts are reported within its operating Segments. The operating Segments remain unchanged in all other respects from those reported at 31 December 2019. The change in Segmental reporting has no impact on reported Group results.

Operational responsibility for a significant European customer was transferred from the German to the French business from 1 January 2020. The French Senior Management targets now include the results from this customer. We have therefore restated the results for the French and German Segments for the year ended 31 December 2019, to assist with understanding the growth in each business and to ensure year-on-year results are comparable.

Computacenter USA performs Managed Services work for other Computacenter entities, on behalf of several key European contracts. These revenues were originally recorded in the USA Segment, where the associated underlying subsidiary recognises the revenues in its statutory accounts. However, to be consistent with practices across the Group, Management has reallocated these revenues to the UK, German, French and International Segments which have responsibility for the customer contracts. This reflects better where the portfolio co-ordination and operational responsibility lies and, therefore, where the benefits should accrue on a Segmental basis. This treatment also means that for the Segmental analysis, Computacenter USA, within the USA Segment, is now treated similarly to the remainder of our offshore internal service provider entities that are grouped within the International Segment. We have, therefore, restated the Managed Services revenues for the year ended 31 December 2019 to assist with understanding the growth in each business and to ensure year-on-year comparisons reflect true underlying growth. This has no impact on Segmental profitability, as the margins were previously shared on the same basis that the revenue now reflects. Further, with the acquisition of Pivot on 2 November 2020, which includes a material business in Canada, the USA Segment has been renamed as the North American Segment and is referred to as such throughout this Annual Report and Accounts.

This new Segmental reporting structure is the basis on which internal reports are provided to the CEO, as the CODM, for assessing performance and determining the allocation of resources within the Group, in accordance with IFRS 8.25. Segmental performance is measured based on external revenues, adjusted[1] gross profit, adjusted[1] operating profit and adjusted[1] profit before tax. As noted below, Central Corporate Costs continue to be disclosed as a separate column within the Segmental note.

Further details of the Segmental changes and the associated restatement of 2019 Segment information can be found in note 4 to the Consolidated Financial Statements. All discussion within this Annual Report and Accounts of Segmental results reflects this revised structure and the resultant prior-year restatements.

Central Corporate Costs

Certain expenses are not allocated to individual Segments because they are not directly attributable to any single Segment. These include costs for the Board itself and related public company costs, Group Executive members not aligned to a specific geographic trading entity, and the cost of centrally-funded strategic initiatives that benefit the whole Group.

Accordingly, these expenses are disclosed as a separate column, 'Central Corporate Costs', within the Segmental note. These costs are borne within the Computacenter (UK) Limited legal entity and have been removed for Segmental reporting and performance analysis but form part of the overall Group administrative expenses.

During the year, total Central Corporate Costs were steady at £27.1 million (2019: £27.1 million).

Within this:
- Board expenses, related public company costs and costs associated with Group Executive members not aligned to a specific geographic trading entity were down at £6.8 million (2019: £7.1 million);
- share-based payment charges associated with the Group Executive members identified above, including the Group Executive Directors, increased from £3.0 million in 2019 to £3.2 million in 2020, due primarily to the increased value of Computacenter plc ordinary shares; and
- strategic corporate initiatives were flat at £17.1 million (2019: £17.1 million), with spend primarily focused on projects designed to increase capability, enhance productivity or strengthen systems which underpin the Group.

Cash flow

The Group delivered an operating cash inflow of £236.8 million for the year to 31 December 2020 (2019: £198.3 million inflow).

Certain COVID-19-related one-off benefits were included in the 2020 full-year cash flow and net cash positions. This includes extended free-of-charge supplier credit with a major vendor of approximately £15.0 million as at 31 December 2020. Temporary tax payment timing benefits utilised during the year were fully repaid as at 31 December 2020.

Our usual strong year-end net funds position was strengthened further, as a number of our customers paid ahead of normal payment cycles, partly, we believe, where overseas customers looked to avoid sometimes negative interest rates. This has been exacerbated by a shift towards government customers during the year, resulting in improvements in cash collection as governments, particularly in Europe, have been settling debts as quickly as possible and well ahead of industry standard payment terms. The Group, in turn, paid a number of its suppliers early, to reduce the temporary excess cash on the balance sheet at the year end. However, the volume of early payments from customers received in the final days of the year was unprecedented. The Company estimates, broadly, that unforeseen receipts from customer payments in advance of the due date exceeded the Company's ability to pay its own suppliers early by roughly £50 million.

Capital expenditure in the year was £27.5 million (2019: £38.9 million), with the decrease primarily relating to the prior-year investment in the final elements of the German facility and establishing a new Integration Center in Livermore, California. The spend in 2020 primarily comprises other investments in IT equipment and software tools, to enable us to deliver improved service to our customers.

The Group continued to manage its cash and working capital positions appropriately using standard mechanisms, to ensure that cash levels remained within expectations throughout the year. The Group had no debt factoring at the end of the year outside the normal course of business. From time to time, some customers request credit terms longer than our standard of 30-60 days. In certain instances, we will arrange for the sale of the receivables on a true sale basis to a finance institution on the customers' behalf. We would typically receive funds on 45-day terms from the finance institution, who will then recover payment from the customer on terms agreed with them. The cost of such an arrangement is borne by the customer, either directly or indirectly, enabling us to receive the full amount of payment in line with our standard terms. The benefit to the cash and cash equivalents position of such arrangements as at 31 December 2020 was £38.9 million (31 December 2019: £33.8 million).

Cash and cash equivalents and net funds

Cash and cash equivalents as at 31 December 2020 were £309.8 million, compared to £217.9 million at 31 December 2019. Net funds as at 31 December 2020 were £51.2 million (31 December 2019: £20.3 million). Adjusted net funds[3] as at 31 December 2020 were £188.6 million, compared to adjusted net funds[3] of £137.1 million as at 31 December 2019.

Net funds as at 31 December 2020 and 31 December 2019 were as follows:

	2020 £'000	2019 £'000
Cash and cash equivalents	**309,844**	217,881
Bank loans and credit facility	**(121,194)**	(80,772)
Adjusted net funds[3] (excluding lease liabilities)	**188,650**	137,109
Lease liabilities	**(137,474)**	(116,766)
Net funds	**51,176**	20,343

For a full reconciliation of net funds and adjusted net funds[3], see note 31 to the Consolidated Financial Statements.

The Group had three specific credit facilities in place during the year and no other material borrowings.

The Group drew down a £100 million term loan on 1 October 2018 to complete the acquisition of FusionStorm. This loan is on a seven-year repayment cycle, with a renewal of the loan facility due on 30 September 2021. The Group had intended to take advantage of stronger than anticipated cash generation to make an unplanned repayment of £20 million of this loan during the year, in addition to the unplanned repayment of £30 million in the second half of 2019. However, the Group elected to retain the balance as cash, as part of a wider cash-preservation strategy in the light of the COVID-19 pandemic. As at 31 December 2020, £41.6 million remained of the loan (31 December 2019: £56.0 million). Pivot has a $225.0 million senior secured asset-based revolving credit facility, from a lending group represented by JPMorgan Chase Bank, N.A. This can be used for revolving loans, letters of credit, protective advances, over advances, and swing line loans, and £58.4 million was drawn on the facility as at 31 December 2020. The Group also has a specific term loan for the build and purchase of our German office headquarters and fit out of the Integration Center in Kerpen, which stood at £20.9 million at 31 December 2020 (31 December 2019: £24.8 million).

For further information on these facilities, see note 23 to the Consolidated Financial Statements.

The Group excludes lease liabilities from its non-GAAP adjusted net funds[3] measure, due to the distorting effect of the capitalised lease liabilities on the Group's overall liquidity position under the IFRS 16 accounting standard. There were no interest-bearing trade payables as at 31 December 2020 (31 December 2019: nil). The Group's adjusted net funds[3] position contains no current asset investments (31 December 2019: nil).

Revenue

	Half 1 £m	Half 2 £m	Total £m
2018	2,008.9	2,343.7	4,352.6
2019	2,427.0	2,625.8	5,052.8
2020	**2,462.2**	**2,979.1**	**5,441.3**
2020/19	1.5%	13.5%	7.7%

Adjusted[1] profit before tax

	Half 1		Half 2		Total	
	£m	% Revenue	£m	% Revenue	£m	% Revenue
2018	52.1	2.6%	66.1	2.8%	118.2	2.7%
2019	53.5	2.2%	92.8	3.5%	146.3	2.9%
2020	**74.6**	**3.0%**	**125.9**	**4.2%**	**200.5**	**3.7%**
2020/19	39.4%		35.7%		37.0%	

Revenue by Segment

	2020			2019 (restated)		
	Half 1 £m	Half 2 £m	Total £m	Half 1 £m	Half 2 £m	Total £m
UK	**858.8**	**914.6**	**1,773.4**	800.8	796.2	1,597.0
Germany	**843.7**	**1,032.6**	**1,876.3**	862.9	1,024.3	1,887.2
France	**304.3**	**368.5**	**672.8**	300.2	324.8	625.0
North America	**378.2**	**566.3**	**944.5**	369.9	380.7	750.6
International	**77.2**	**97.1**	**174.3**	93.2	99.8	193.0
Total	**2,462.2**	**2,979.1**	**5,441.3**	2,427.0	2,625.8	5,052.8

Adjusted[1] operating profit by Segment

	2020					
	Half 1		Half 2		Total	
	£m	% Revenue	£m	% Revenue	£m	% Revenue
UK	**45.9**	**5.3%**	**44.5**	**4.9%**	**90.4**	**5.1%**
Germany	**35.6**	**4.2%**	**77.0**	**7.5%**	**112.6**	**6.0%**
France	**3.8**	**1.2%**	**9.2**	**2.5%**	**13.0**	**1.9%**
North America	**4.7**	**1.2%**	**9.3**	**1.6%**	**14.0**	**1.5%**
International	**0.2**	**0.3%**	**3.4**	**3.5%**	**3.6**	**2.1%**
Central Corporate Costs	**(12.9)**	**(0.5%)**	**(14.2)**	**(0.5%)**	**(27.1)**	
Total	**77.3**	**3.1%**	**129.2**	**4.3%**	**206.5**	**3.8%**

	2019 (restated)					
	Half 1		Half 2		Total	
	£m	% Revenue	£m	% Revenue	£m	% Revenue
UK	23.5	2.9%	41.0	5.1%	64.5	4.0%
Germany	30.4	3.5%	49.1	4.8%	79.5	4.2%
France	8.3	2.8%	9.0	2.8%	17.3	2.8%
North America	1.2	0.3%	7.9	2.1%	9.1	1.2%
International	4.6	4.9%	3.6	3.6%	8.2	4.2%
Central Corporate Costs	(11.9)	(0.5%)	(15.2)	(0.6%)	(27.1)	
Total	56.1	2.3%	95.4	3.6%	151.5	3.0%

Trade creditor arrangements

Computacenter has a strong covenant and enjoys a favourable credit rating from IT vendors and suppliers. Some suppliers provide standard credit directly on their own credit risk, whereas other suppliers decide to sell the debt to banks, who offer to purchase the receivables and manage collection. The standard credit terms offered by suppliers are typically between 30 and 60 days, whether provided directly or when sold to a third-party finance provider. In the latter case, the cost of the free trade credit period is paid by the relevant supplier, as part of the overall package of terms provided by suppliers to Computacenter and our competitors. The finance providers offer extended credit terms at relatively low interest rates. However, these rates are always higher than the rate at which we deposit and therefore we do not currently use these facilities.

Capital management

Details of the Group's capital management policies are included in note 28 to the Consolidated 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's policy is not to undertake speculative trading in financial instruments.

The Group enters into hedging transactions, principally forward exchange contracts or currency swaps, 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 geographies such as South Africa, Poland, Mexico and India, it has entered into forward exchange contracts to help manage cost increases due to currency movements.

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 Group's financial results. 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 Consolidated Financial Statements.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings, leases and loans for certain customer contracts. The Group's general bank borrowings, other facilities and deposits are at floating rates. No interest rate derivative contracts have been entered into. The Group's specific borrowing facility for the purchase of FusionStorm, and the undrawn committed facility of £60 million, are at floating rates. However, the borrowing facility for the operational headquarters in Germany is at a fixed rate.

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 cash was maintained throughout 2020 and at the year end was £309.8 million, with net funds of £51.2 million after including the Group's three specific borrowing facilities and lease liabilities recognised under IFRS 16. Excluding lease liabilities, adjusted net funds[3] was £188.6 million at the year end.

Due to strong cash generation over many years, the Group can currently finance its operational requirements from its cash balance, and it operates an informal cash pooling arrangement for the majority of Group entities. The Group has a committed facility of £60.0 million, which was extended in September 2020 and now has an expiry date of 7 September 2023. The Group has never drawn on this committed facility.

The Group has a Board-monitored policy to manage its counterparty risk. This ensures that cash is placed on deposit across a range of reputable banking institutions.

Foreign currency risk

The Group operates primarily in the United Kingdom, Germany, France and the United States of America, with smaller operations in Belgium, Canada, China, Hungary, India, Malaysia, Mexico, the Netherlands, Poland, South Africa, Spain and Switzerland.

The Group uses an informal cash pooling facility to ensure that its operations outside the UK are adequately funded, where principal receipts and payments are denominated in euros and US dollars. For those countries within the Eurozone, 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 our US operations, most transactions are denominated in US dollars. For the UK, the majority of sales and purchases are denominated in pounds sterling and any material trading exposures are eliminated through forward currency contracts.

The Group has been successful in winning international Services contracts, where Services are provided in multiple countries. We aim to minimise currency 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, we eliminate currency exposure for a foreseeable period on these future cash flows, through forward currency contracts.

In 2020, the Group recognised a loss of £1.9 million (2019: loss of £0.9 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.

The Group reports its results in pounds sterling. The ongoing weakness in the value of sterling against most currencies during 2020, in particular the euro, continued to benefit our revenues and profitability as a result of the conversion of our foreign earnings. However, the exchange rates seen in 2020 were not materially dissimilar to those seen in 2019. The impact of restating 2019 results at 2020 exchange rates would be an increase of approximately £49.5 million in 2019 revenue and an increase of £1.8 million in 2019 adjusted[1] profit before tax.

Credit risk

The Group principally manages credit risk through customer credit limits. The credit limit is set for each customer based on its creditworthiness, using credit rating agencies as a guide, and the anticipated levels of business activity. These limits are determined when the customer account is first set up and are regularly monitored thereafter.

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

Brexit update

In the 2019 Annual Report and Accounts and the 2020 Interim Report and Accounts, we provided a detailed update on our positioning from a Brexit risk and preparation perspective. In summary, we explained that we were in a low-risk category and that we had made considerable efforts to reduce the risk to our business as much as possible.

Since 1 January 2021, we believe that our risk position and preparation has served us well.

The Brexit deal announced on 24 December 2020 was helpful for the UK generally and removed the cliff edge risk position, especially the avoidance of customs tariffs on most goods shipped to and from the EU, depending on the country of origin. We have not yet seen, since 1 January 2021, very long queues of lorries at UK or French ports. There clearly have been some issues arising on customs tariffs on UK exports to the EU generally, where the goods are not of British origin. However, this issue has little impact on Computacenter as most of the products that we sell are zero rated under WTO terms.

There are still issues unresolved from a UK perspective, such as services and euro denominated trading which negatively impacts the City of London. However, we operate in all major cities in the principal EU countries that will benefit from this and should be able to offset any impact.

Imports into the UK
We have seen short delays arising from issues relating to customs checks and customs documentation for goods coming from the EU, which are typically one or two days and a week with one large supplier. These have not materially impacted our business to date.

A small number of our suppliers operate under International Commercial Terms similar to Carriage and Insurance Paid, which requires Computacenter to operate as the importer of record when they export from the EU. This has increased the administrative burden for us on these deliveries, although this has limited financial impact on the UK business as a whole.

Exports from the UK to the EU
A major part of our Brexit preparation was to move circa 90 per cent of the business for UK customers requiring deliveries in the EU from Computacenter UK to Computacenter Germany, thereby avoiding the need for export documentation and potential border delays. This has been very successful. We have also implanted some export-specific software on our Group ERP system, to ease the administration of exports, production of customs invoices etc. Despite this, there have been some challenges on the remaining 10 per cent of this business in terms of service level achievement, problems with documentation and couriers for EU countries. Some courier operations are not as well prepared as they should be, which has caused some confusion and delay. However, we are addressing these issues and do not expect any material impact.

Whilst Northern Ireland is part of the UK, the invisible border in the Irish Sea, and initial lack of clarity on how to export there, has resulted in some issues on shipments from Great Britain to Northern Ireland. These issues are quite small and have largely been resolved.

People
As noted in the 2019 Annual Report and Accounts, we do not have many EU nationals working in our UK business or UK nationals in our EU businesses. We were well prepared for this and have had no material issues.

Whilst there is limited travel expected in 2021, we are aware that UK nationals who need to visit EU countries to work on specific projects will require a work visa. We will be able to make arrangements to minimise the impact of this issue.

Data transfer regulation
As noted in our 2019 Annual Report and Accounts we are well prepared to meet data transfer regulations, having adopted EU-approved standard contractual clauses concerning data adequacy into our intra-Group agreements in 2018 and 2019. The Brexit deal included a form of data adequacy clause for four months, which can be extended by a further two months, whilst negotiations take place on longer-term arrangements.

Going Concern

Computacenter's business activities, business model, Strategic Priorities and its performance are set out within this Strategic Report from the inside front cover to page 76.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out within this Group Finance Director's Review on pages 66 to 68.

In addition, notes 27 and 28 to the Consolidated 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.

The Directors have, after due consideration, and as set out in note 2 to the Consolidated Financial Statements on page 138 of this Annual Report and Accounts, a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the Consolidated Financial Statements, as set out on pages 133 to 193 of this Annual Report and Accounts.

Thus, they continue to adopt the Going Concern basis of accounting in preparing the Consolidated Financial Statements.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the Group's prospects over a longer period than the 12 months required by the Going Concern Statement.

Viability timeframe
The Directors have assessed the Group's viability over a period of three years from 31 December 2020. This period was selected as an appropriate timeframe for the following reasons:

- the Group's rolling strategic review, as considered by the Board, covers a three-year period;
- the period is aligned to the length of the Group's Managed Services contracts, which are typically three to five years long;
- the short lifecycle and constantly evolving nature of the technology industry lends itself to a period not materially longer than three years;
- Technology Sourcing has seen greater recent growth than the Group's Services business, increasing the revenue mix towards the part of the business that has less medium-term visibility and is therefore more difficult to forecast;
- the continuing macro-economic, diplomatic and trade environment, following the departure of the UK from the European Union, introduces greater uncertainty into a forecasting period longer than three years; and
- the prolonged impact of COVID-19, and in particular the effect on certain of our customers from the worsening global economic outlook, and the current increasing pace of change of technology adoption as a result.

Whilst the Directors have no reason to believe the Group will not be viable over a longer period than three years, we believe that a three-year period presents shareholders with a reasonable degree of confidence, while providing a longer-term perspective.

With regard to the principal risks set out on pages 71 to 76, the Directors remain assured that the business model will be valid beyond the period of this Viability Statement. There will continue to be demand for both our Professional Services and Managed Services businesses, and Management is responsible for ensuring that the Group remains able to meet that demand at an appropriate cost to our customers. The Group's value-added product reselling Technology Sourcing business only appears vulnerable to disintermediation at the low end of the product range, as the Group continues to provide a valuable service to customers and vendors alike, as described on pages 18 to 21. The Group has seen significant business growth in the UK throughout the COVID-19 pandemic, due to the end-to-end Technology Sourcing capability that it can deliver from its UK Integration Center, which is a significant differentiating factor in this market.

Prospects of the Group assessment process and key assumptions

The assessment of the Group's prospects derives from the annual strategic planning and review process. This begins with an annual away day for the Board, where Management presents the strategic review for discussion against the Group's current and future operating environments.

High-level expectations for the following year are set with the Board's full involvement and are delivered to Management, who prepare the detailed bottom-up financial target for the following year. This financial target is reviewed and agreed by Management before presentation to the Board for approval at the December Board meeting.

On a rolling annual basis, the Board considers a three-year business plan (the 'Plan') consisting of the detailed bottom-up financial target for the following year (2021) and forecast information for two further years (2022 and 2023), which is driven by top-down assumptions overlaid on the detailed target year. Key assumptions used in formulating the forecast information include organic revenue growth, margin improvement and cost control, continued strategic investments through the Consolidated Income Statement, and forecast Group effective tax rates, with no changes to dividend policy or capital structure beyond what is known at the time of the forecast. The financial target for 2021 was considered and approved by the Board on 10 December 2020, with amendments and enhancements to the target as part of the full Plan considered and approved by the Board on 9 March 2021.

Impact of risks and assessment of viability

The Plan is subject to rigorous downside sensitivity analysis, which involves flexing a number of the main assumptions underlying the forecasts within the Plan. The forecast cash flows from the Plan are aggregated with the current position, to provide a total three-year cash position against which the impact of potential risks and uncertainties can be assessed. The analysis considers access to available committed and uncommitted finance facilities, the ability to raise new finance in most foreseeable market conditions and the ability to restrict dividend payments.

The potential impact of the principal risks and uncertainties, as set out on pages 71 to 76, is then applied to the Plan. This assessment includes only those risks and uncertainties that, individually or in plausible combination, would threaten the Group's business model, future performance, solvency or liquidity over the assessment period and which are considered to be severe but reasonable scenarios. It also takes into account an assessment of how the risks are managed and the effectiveness of any mitigating actions.

The combined effect of the potential occurrence of several of the most impactful risks and uncertainties is then compared to the cash position generated throughout the sensitised Plan, to assess whether the business will be able to continue in operation.

For the current period, the primary downside sensitivity relates to a modelled, but not predicted, severe downturn in Group revenues, beginning in 2021, due to a worsening impact on our customers from the COVID-19 crisis. This sensitivity analysis models a continued market downturn scenario for some of our customers whose businesses have been affected by COVID-19 and a similar downturn occurring for the remainder of our customer base.

Additionally, the risks related to continued disruption from the departure of the UK from the EU on 31 December 2020 have been reflected within our underlying business plans.

Conclusion

Based on the period and assessment above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities, as they fall due, over the three-year period to 31 December 2023.

Fair, balanced and understandable

The UK Corporate Governance Code requires the Board to consider whether the Annual Report and Accounts, taken as a whole, are 'fair, balanced and understandable' and 'provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy'.

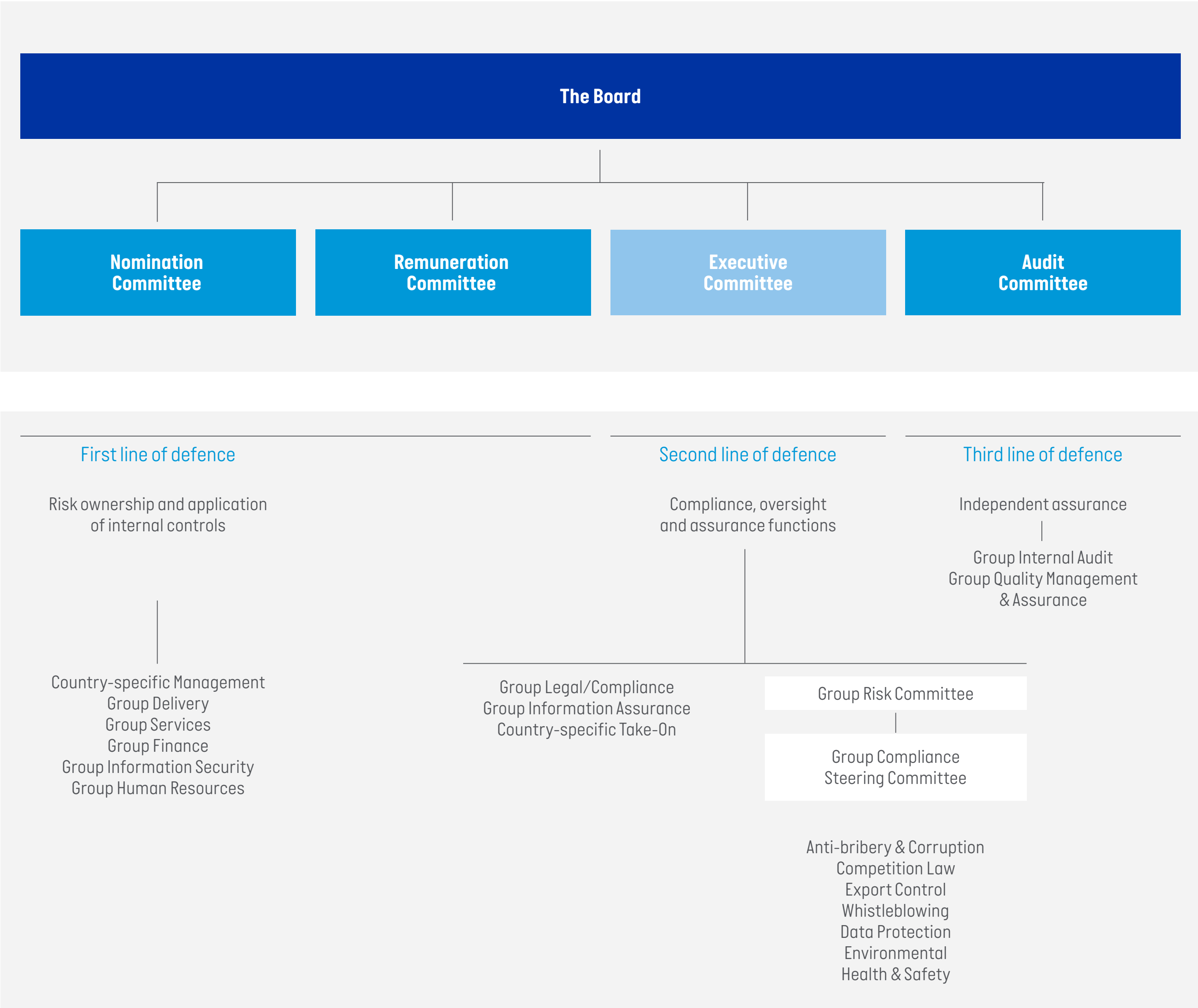
Management undertakes a formal process through which it can provide comfort to the Board in making this statement.

This Strategic Report was approved by the Board on 15 March 2021 and was signed on its behalf by:

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

OUR RISK GOVERNANCE MODEL



1. Risk overview

The risks presented below are the principal risks that existed during 2020 as reported in the Annual Report and Accounts 2019 and modified during the year through the risk identification and impact process.
Our long-term success is built on a clear strategic direction, contractual and operational excellence and effective business services functions, such as Finance, Human Resources and Legal & Contracting, which support customer-facing staff to fulfil their obligations effectively. All of this is underpinned by a secure IT infrastructure, hosting both internal and customer platforms. Our strategic, contractual and infrastructure risks are largely determined by the industry we operate in and our long-term approach to adding value. Our financial and people risks are defined by the wider economic environment, the way we run our business day-to-day and our long-term staffing needs. While outside factors are beyond our control, our risk management approach is committed to managing the impact of these influences, while controlling the internal elements vital to our success.

2. Risk appetite

Our risk appetite is strongly influenced by our experience in the industry sector. At an operational level, we have a higher risk appetite for business development where we have experience of the risks and a lower risk appetite where we have less experience. This is supported day-to-day by our operating policies and governance processes, which include decision-making support and authority over new contracts and contract changes.

3. Risk culture

Risk management and governance processes are well-established and understood within the business and operate at all levels. Strategic-level risks are monitored by the Risk and Audit Committees, as well as by the Board. Lower-level operational risks are identified, analysed and mitigated at a functional level on an ongoing basis, using well-embedded processes.

4. Risk identification and impact

The Group Risk Committee meets four times per year and reviews our principal risks, which are the barriers to meeting our strategic goals, on an ongoing basis. This top-down approach includes assessing whether emerging risks are significant enough to warrant inclusion in the Group Risk Log. If so, the likelihood of occurrence and potential impact are considered and the risk is subject to regular review. The impact of existing risks is also reviewed. The Group Risk Log is reviewed by both the Audit Committee and the Board. The key risks are considered further in relation to the long-term Viability Statement (see pages 69 to 70).

Other lower-level risks outside the principal risks are identified and analysed in two ways. These are:

1) Through the Group Operating Business Risk Assessment process, which is completed by over 100 managers across the business. The results of this process are reviewed by the Group Risk Committee. This includes validating them against the principal risks, to ensure that all potential threats are considered. Lower-level risks are often triggers for crystallising principal risks, so their careful management remains an important consideration.
2) Via the Group Compliance Steering Committee (see risk governance model) which assesses reports from the Compliance Management System for the areas under its remit.

5. Risk trends

The overall risk landscape has changed due to specific threats and our response to them as discussed below. We have remained vigilant during the transition period in relation to the UK's departure from the EU and continue to monitor issues that might impact the smooth running of our business during the post-transition period. Additionally, we continue to monitor the effects of the COVID-19 pandemic for its potential impact on our business, specifically in relation to the health and wellbeing of our staff, our global supply chain and in changing customer requirements.

We use the three lines of defence model with regards to the governance of key risks. This includes a mapping exercise which considers the level of assurance afforded by each of the compliance and oversight functions, when considering the overall level of assurance provided over each risk.

Strategic: The strategic-level risk profile is one of long-term risk due to technological change, including Computacenter's ability or otherwise to innovate effectively, and in the globalisation of customer demand. Although our response continues to mature, the level of technological change and our continuing need to innovate to remain competitive increases this risk over time.

Contractual/Operational: Our main focus remains on the effective governance of contracts, both in the pre-deal phase and in delivery. This includes our emphasis on data privacy. We are also extending the use of our Service Quality Management Framework to improve the underlying quality of sales, bid governance and operations. Overall, we believe the risks to the business have reduced, due to the enhanced governance structures put in place.

Infrastructure: Although there has been no overall change in the impact or likelihood of occurrence, cyber security remains at the forefront of discussions at both the Risk and Audit Committees and will continue to do so.

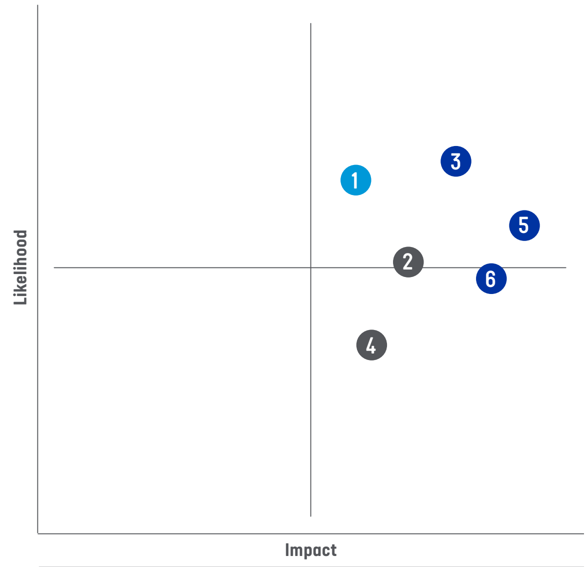
Brexit: The long-awaited EU-UK Trade and Cooperation Agreement, which was concluded prior to the end of the Brexit transition period, has settled the UK's future trading relationship with the EU on a zero quota/zero tariff basis, subject to certain conditions, and has therefore reduced our risk in this area. Given our preparation in this area we expect that this will cease to be a principal risk during 2021 as only immaterial issues now remain. Further details on the UK's departure from the EU can be found on pages 68 to 69 in the Group Finance Director's Review.

Financial: We continue to concentrate on the fundamentals important to our business, including the effective management of working capital, and we see no change to this risk.

People: Our people remain integral to the continued success of our business. The risks reflect the importance we place on experience, openness and collaboration.

Our four Strategic Priorities	Strategic Priority 1: To lead with and grow our Services business	Strategic Priority 2: To improve our Services productivity and enhance our competitiveness	Strategic Priority 3: To retain and maximise the relationship with our customers over the long term	Strategic Priority 4: To innovate our Services offerings to build future growth opportunities
RISK CATEGORIES:				
Strategic Risks				
Market shift in technology usage	●	●	●	●
Geo-political risk			●	
Increasing globalisation of customer demand			●	
Contractual/Operational Risks				
Lack of effective pre-contract processes	●		●	●
Lack of effective post-contract delivery	●		●	
Loss of personal data			●	
Acquisition integration	●	●	●	
Infrastructure Risks				
Cyber threat	●		●	
Integrity failure of critical systems	●		●	
Brexit Risk				
Brexit Risk	●	●	●	
Financial Risk				
Ineffective working capital management		●		
People Risks				
Poor staff recruitment and retention	●	●	●	●
Inadequate succession planning	●		●	●
Failure to ensure adequate diversity		●	●	●

Group risk log 2020 heat map



1: Strategic Risks
2: Contractual/ Operational Risks
3: Infrastructure Risks
4: Brexit Risk
5: Financial Risk
6: People Risks

- Unchanged risk
- Decreased risk
- Increased risk

1. Strategic Risks

Alert status

Increased due to changes in the competitive landscape.

Risks

- Market shift in technology usage, making what we do less relevant or superfluous and we fail to invest appropriately to defend our competitiveness
- Geo-political risk arising from our increasingly global operations
- Increasing globalisation of customer demand, resulting in a changing global competitive landscape

Principal impacts

- Reduced margin
- Excess operational staff
- Contracts not renewed
- Missed business opportunities

Response to risks

- Well-defined Group strategy, backed by an annual strategy process that considers our offerings against market changes
- Group Investments & Strategy Board, which considers strategic initiatives
- Additional measures including CEO-led country, sector and win/loss reviews

Risk owners

- Chief Executive Officer
- Group Development Director
- Group Delivery Director

2. Contractual/Operational Risks

Alert status

Contract risk reduced due to governance enhancements.

Risks

- Lack of effective pre-contract processes, resulting in poor design, costing and pricing
- Lack of effective post-contract delivery
- Loss, corruption or unauthorised disclosure of personal data
- Lack of effective acquisition integration and failure to deliver on acquisition objectives

Principal impacts

- Customer dissatisfaction
- Financial penalties
- Contract cancellations
- Reputational damage
- Reduced margins
- Loss-making contracts
- Reduced service and technical innovation

Response to risks

- Mandatory governance processes relating to bids and new business take-ons, including risk-based decision-making assessments and new tooling
- Board oversight of significant bids
- Early Warning System and independent assurance provided by the Group Quality Management & Assurance function over key bids and delivery programmes
- Regular commercial 'deep dives' into troubled contracts and challenging transformation projects
- Data privacy audit programme
- Appropriate due diligence and acquisition integration plans in place, with ongoing monitoring of key risks to ensure success

Risk owners

- Group Delivery Director
- Group Services Director
- Group Head of Legal & Contracting
- Group Development Director
- Group Finance Director

3. Infrastructure Risks

Alert status
Unchanged.

Risks
- Cyber threat to Computacenter's networks and systems, arising from either internal or external security breaches, leading to system failure, denial of access or data loss
- Cyber threats introduced by Computacenter to its customers' networks and systems, for whatever reason
- Integrity failure of our critical systems

Principal impacts
- Inability to deliver business services
- Reputational damage
- Customer dissatisfaction
- Financial penalties
- Contract cancellations

Response to risks
- Well-communicated Group-wide information security and virus protection policies
- Specific inductions and training for staff working on customer sites and systems
- Specific policies and procedures for staff working behind a customer's firewall
- Ongoing and regular programme of external penetration testing
- Policies ensuring Computacenter does not run customer applications or have access to customer data
- Regular review of cyber security controls and threat analysis by Computacenter's Cyber Defence Center
- All Group standard systems built and operated on high-availability infrastructure, designed to accommodate failure of any single technical component
- All centrally-hosted systems built and operated on high-availability infrastructure, with multiple levels of redundancy
- All centrally-hosted systems benefit from dual network connectivity into core data centers designed to accommodate loss of network service
- Standing agenda item for each meeting of the Group Risk Committee

Risk owner
- Chief Information Officer

4. Brexit Risk

Alert status
Reduced as the Trade and Cooperation Agreement with the EU has nullified the risk of a hard Brexit without tariff-free access to the EU single market.

Risk
- Brexit effect on the Computacenter business. This may manifest itself as either a risk, such as a threat to the business as a result of negative customer sentiment, forex volatility, and the effect and impact of data residency issues, or a business opportunity as existing and potential customers establish operations in EU countries, requiring Computacenter product and Services as a result

Principal impacts
- Missed business opportunities
- Non-renewal of contracts
- Reduced revenue
- Reduced margin

Response to risks
- Potential effect of UK's departure from the EU is subject to ongoing review by the Group Risk and Brexit Committees. The Executive-level committees meet regularly and review risks and mitigations in more detail
- Issues that might impact the smooth running of the business, particularly in relation to imports and exports, continue to be monitored and managed during the post-transition period

Risk owner
- Chief Executive Officer
- Group Finance Director

5. Financial Risk

Alert status
Unchanged.

Risk
- Failure to manage working capital effectively

Principal impacts
- Financial impact through bad debts, obsolete inventory and/or other working capital movements

Response to risks
- Implementation of debt management best practice, after centralising Europe-wide collection functions at the Budapest finance Shared Service Center (excluding recent North American acquisitions)
- Inventory management controls and monitoring
- Increasing use of direct delivery

Risk owners
- Group Finance Director

6. People Risks

Alert status
Unchanged.

Risks
- Failure to recruit and retain the right calibre of staff to our talent pool, with focus on senior positions in Sales, Services and Projects
- Inadequate succession planning or insufficient depth within key Senior Executive positions
- Failure to ensure adequate diversity, thereby restricting the talent we employ

Principal impacts
- Lack of adequate leadership
- Customer dissatisfaction
- Financial penalties
- Contract cancellations
- Reputational damage

Response to risks
- Succession planning in place for the top 50 managers across the Group
- Regular remuneration benchmarking
- Incentive plans to aid retention
- Investment in management development programmes
- Regular employee surveys to understand and respond to employee issues
- Specific diversity projects in place relating to accessibility and wellbeing, life balance, LGBT+ and allies, future talent, focus on women and culture

Risk owners
- Chief People Officer
- Chief Executive Officer

GOVERNANCE REPORT

Chairman's Governance Overview

I am pleased to present Computacenter's Corporate Governance Report for the year ended 31 December 2020. This Report outlines and explains the Group's governance policies and practices and sets out how we applied the 2018 UK Corporate Governance Code ('the Code') during the year.

The Board is unanimous in its view that its strength in depth will be maintained by the appointment of Pauline Campbell.

Peter Ryan
Non-Executive Chairman

Dear Shareholder,

The Board believes that effective governance practices are fundamental to the Group's ability to deliver long-term shareholder value. The Board therefore supports and is committed to the principles of corporate governance set out in the Code, which has applied for the year under review from 1 January 2020. The Code is published by the Financial Reporting Council and can be found at www.frc.org.uk.

As a company listed on the main market of the London Stock Exchange, Computacenter is required to review its practices against the Code's provisions and report to its shareholders on its compliance with them. The Board confirms that the Company has complied with the Code throughout the year and anticipates remaining compliant for the 2021 reporting period.

Board composition

It is critical that the Board has the right composition, so it can provide the best possible leadership for the Group and discharge its duties to shareholders. This includes having the right balance of skills and experience, ensuring that all of the Directors have a good working knowledge of the Group's business, and retaining the Board's independence and objectivity.

Minnow Powell indicated to me that, after six years of excellent service, he was minded to step down from the Board during 2021, following the release of the Company's 2021 Interim Results, if the Company had found a suitable successor by then. I would like to thank Minnow for his time on the Board where, as Audit Committee Chairman, he has worked to lift the performance of the Company in matters of compliance, financial reporting and governance. He has also been a valued Independent Non-Executive Director, offering his wide-ranging, thoughtful contributions to the performance and strategy of the Company.

The Board is unanimous in its view that its strength in depth will be maintained by the appointment of Pauline Campbell and we are very pleased to welcome her onto the Board with effect from 16 August 2021.

Pauline is a recently retired PricewaterhouseCoopers ('PwC') Audit Partner who brings over 30 years of experience in the profession. She has worked internationally across a broad range of sectors including IT services and support services amongst many others. Pauline also served on the Governance Board of the UK firm including the Public Interest Body and the equivalent body at PwC's Global Network, so brings a wealth of governance experience.

Pauline's recent and relevant financial experience within the audit profession, complements the skills and backgrounds of our other Board members and will enable the Board to continue to navigate the strengthening regulatory environment in which the Company operates as it continues to grow in complexity.

In accordance with the Company's procedure for new Directors, Pauline will receive a full induction, which will be tailored to her knowledge and experience. This will include meetings with the Chairmen of the Board and its Committees, the Group Chief Executive Officer (CEO) and Group Finance Director (FD). Given her intended appointment to the Remuneration and Audit Committees, she will also be provided with a detailed briefing on executive remuneration from the Group's Chief People Officer and presentations from the Group's financial senior Management team. Pauline will also be a member of the Nomination Committee.

Biographies of each of the Directors are set out on pages 80 and 81.

Strategy

The Board is collectively responsible for leading the Group and promoting its success, within a framework of appropriate controls, which enable risk to be assessed and effectively managed. It is also responsible for implementing the business model set out on pages 16 to 17, for ensuring that the Group has the right strategy to drive stakeholder value, and for providing appropriate support and challenge to the Management. The Board dedicates a day-long session each year to receiving strategy-related presentations from senior Management and discussing and shaping the Group's strategic direction with Management. In addition to regular discussions on the development of the Group's strategy, the Board receives an in-depth topical presentation from Management on a specific strategic initiative at every Board meeting.

Board effectiveness

An internal evaluation of the Board and its Committees took place during the year. Further details of the process and the findings can be found on pages 84 to 85. After carefully considering its findings, I am satisfied that the Board continues to function effectively and that its current constitution and range of skills are appropriate for protecting and promoting the long-term interests of the Group and the Company's shareholders.

I also remain satisfied that the Board's members, and in particular the Non-Executive Directors, have sufficient time to undertake their current Board and Committee roles. I will continue to assess these judgements to ensure they remain the case.

In accordance with the 2018 Code, all of the Directors will stand for re-election at the 2021 AGM.

Succession planning

The Board continues to focus at length on succession planning, which remains particularly important given the tenure of the current Executive Directors. Prior to the date of this report, the Board reviewed the succession plans for both the Executive and Non-Executive Directors. It also received a presentation from the Group's Chief People Officer on how the Group manages and develops talent immediately below Board level.

Governance framework

The Board delegates a number of its responsibilities to Committees, so it can carry out its functions effectively. A diagram of the Board governance structure is set out below. As part of its ongoing review of the Group's governance procedures and framework, the Board reviewed the terms of reference for each of these Committees. A number of the Group's policies were also reviewed and amended during the year. The detail and format of information that Management provides to the Board continues to develop.

Board Committees

Board visits

To help develop and update the Directors' knowledge of the Group's operations, the Board regularly visits our offices overseas. Unfortunately, due to COVID-19, the Board was not able to visit any offices overseas during the year. The Board held a virtual meeting where it received a presentation from the French Managing Director. This focused on the COVID-19 impact on the macroeconomic environment in Europe, the integration plan for the BT Services acquisition and key priorities for the French business going forward to 2022.

Diversity

The Board recognises the benefits that diverse skills, experience and points of view can bring to an organisation, and how it may assist the Board's decision making and effectiveness. Appointments to the Board have been primarily based on merit and the Nomination Committee has not therefore previously set any measurable targets in this area. The Committee has assessed this approach during the year and reviewed the composition of the Board and the tenure of the Directors, against the background of recent developments including the Sir John Parker review on ethnic diversity and the Hampton-Alexander review on gender diversity. The Committee recognises that improving the diversity of both the Board and senior Management will further align both bodies with the wider representation seen within the Company's workforce. Whilst the search for any new Non-Executive Director is conducted within this frame of reference, the final selection of a candidate will always be made on the individual merit of the candidate. As at 31 December 2020, the Board had two female Non-Executive Directors, Ros Rivaz and Ljiljana Mitic, representing 22.2 per cent of the total Board membership. This is in line with the representation as at 31 December 2019.

Shareholder engagement

The Board remains committed to communicating with the Company's shareholders and, where appropriate, submitting its views for consultation and feedback. Further detail regarding engagement with shareholders can be found on page 117.

Peter Ryan
Non-Executive Chairman
15 March 2021

The Board benefits from the experience and institutional knowledge of both the Executive Directors, who have each accumulated well over 30 years of service with the Company, and the Founder Non-Executive Directors, who formulated and grew the culture of the Company from its inception.

Peter Ryan
Non-Executive Chairman

Peter Ryan
Non-Executive Chairman and Chairman of the Nomination Committee

Committee membership: A, N, R
Board member attendance: 8/8

Peter has, since 1980, had a successful international career in technology encompassing all dimensions of the industry including software, services, systems integration, outsourcing and infrastructure. Over the last 10 years, Peter has held roles such as Chief Sales Officer with Hewlett Packard Enterprise, Chief Client Officer at Logica plc and Executive Vice President, Global Sales and Services with Sun Microsystems Inc. Peter is also Chairman of privately held Ocean Technology Group.

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 the University of Hertfordshire in 2010.

Philip Hulme
Founder 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.

Tony Conophy
Group Finance Director

Board member attendance: 8/8

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

Peter Ogden
Founder Non-Executive Director

Board member attendance: 8/8

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.

Minnow Powell
Non-Executive Director and Chairman of the Audit Committee

Committee membership: A, N, R
Board member attendance: 8/8

Minnow was a Non-Executive Director and Chairman of the Audit Committee of Superdry Plc from 2012 to 2019. He was a Director and chaired the Audit Committee of Tui Travel Plc from 2011 to 2014 and was a member of the Supervisory Board of Tui AG from December 2014 to February 2016. Minnow spent 35 years with Deloitte where he became a Partner in 1985. Minnow's audit client portfolio included companies within the same sector, and with similar business models, as Computacenter. He is a Chartered Accountant and was a member of the Auditing Practices Board for six years.

Ros Rivaz
Senior Independent Non-Executive Director and Chair of the Remuneration Committee

Committee membership: A, N, R
Board member attendance: 8/8

Ros was appointed as the Group's Designated Non-Executive Director for Workforce Engagement in 2017. Ros is a Senior Independent Non-Executive Director at Victrex plc. Ros is Chair of the Nuclear Decommissioning Authority and a Non-Executive Director of the Ministry of Defence – Defence Equipment and Support Board, where she is a member of the Remuneration and Nomination Committees and is a Non-Executive Director at Luxembourg-based Aperam SA. She was a Non-Executive Director of ConvaTec plc, RPC Group plc, CEVA Logistics AG, Rexam plc and Deputy Chair of the Council of the University of Southampton for 10 years. Ros was previously Chief Operating Officer for Smith & Nephew plc and held senior management positions in global companies including Exxon, Diageo, ICI and Tate & Lyle Group.

Dr. Ljiljana Mitic
Independent Non-Executive Director

Committee membership: A, N, R
Board member attendance: 8/8

Ljiljana has more than 25 years' experience in the IT industry. She was Global Head of financial services and a member of the executive committee at Atos SE, following its takeover of Siemens IT Solutions and Services GmbH, where she headed the worldwide banking and insurance sales business. Ljiljana has also held senior roles at Hewlett-Packard and WestLB AG. Since 2016, she has focused on technology start-ups as a Senior Partner of Impact51 AG. Ljiljana is a non-executive director of Grenke AG, a global financing partner for small and medium-sized companies.

Rene Haas
Independent Non-Executive Director

Committee membership: A, N, R
Board member attendance: 8/8

Rene is a US national. He has over 30 years' experience in executive and general management, marketing and sales. He is currently a Group President of Arm Limited, the world leader in semiconductor IP and provider of IoT device and data management platforms. Rene leads Arm's Intellectual Property Group and is an Executive Committee Member. Prior to his current role, Rene was, amongst other appointments, Chief Commercial Officer and Executive Vice President Sales and Marketing at Arm and spent seven years as Vice President and General Manager Computing Products at NVIDIA Corporation.

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

LEADERSHIP

The role of the Board

The Board is responsible for the Group's management and performance, and for providing effective leadership to it. There is a schedule of Matters Reserved for the Board, which includes considering and approving, amongst other things, acquisitions, major capital expenditure, Group strategy and budgets, the Group's Consolidated Financial Statements and its dividend policy. This schedule is reviewed annually as a standing Board agenda item and it was updated during 2020. It can be found on our website at investors.computacenter.com.

Day-to-day management and operational activities are delegated to the Group Executive Committee including, amongst others, the Executive Directors. Other Board-level matters are delegated to the Nomination, Audit and Remuneration Committees, details of which can be found on pages 86, 90 and 96 respectively. The Terms of Reference for each Committee can be obtained from our website, investors.computacenter.com, or from the Company Secretary, upon request. The composition of each Committee as at 31 December 2020 appears on pages 86, 90 and 105, as do reports from the Chairman of each Committee setting out the primary responsibilities of their respective Committee and its main activities during the year.

The Board plays a key role in discussing, reviewing and approving the Group's Strategic Priorities. By reviewing the business plans and budgets submitted by the Executive Directors and senior Management, it ensures that adequate resources are in place to meet these aims. The Board reviews the performance of the Executive Directors and Group Executive Management against targets relating to these agreed objectives, including a monthly review of the financial performance of each of the Group's Segments.

When assessing and monitoring the Company's culture, the Board benefits from the experience and institutional knowledge of both the Executive Directors, who have each accumulated well over 30 years of service with the Company, and the Founder Non-Executive Directors, who formulated and grew the culture of the Company from its inception. Whilst the knowledge of these four Board Members is invaluable in articulating the culture that the Company strives for, a number of other activities have been conducted throughout the year, to support the Board's overall assessment of the Company's culture and the monitoring of its development.

The Board, through the Audit Committee, receives regular reports on any whistleblowing events that would indicate a breach of the Company's culture, and monitors the resolution of identified issues. The CEO monitors the implementation of various sales force pay plan initiatives, to ensure that they enhance the behaviours demonstrated by this key community and that these behaviours remain aligned with the Company's culture and strategy. During the due diligence process for the Company's acquisitions in 2020, the cultural fit of the people in the acquired entities was one of the Board's key considerations. The cultural fit was assessed as being close and the Board will continue to monitor it, recognising it will be one of the drivers, and measures, of the acquisitions' continued success.

The Composition of the Board

The membership of the Board as at 31 December 2020 is set out on pages 80 to 81. On that date, the Board included seven Non-Executive Directors and two Executive Directors. The Directors' attendance at Board and Committee meetings is set out on pages 80, 81, 86, 90 and 105.

The Board has considered the independence of each Director, taking into account the guidance provided by the 2018 Code. The Chairman, Peter Ryan, was considered by the Board to meet the independence criteria set out in the Code on appointment, and each of Minnow Powell, Ros Rivaz, Ljiljana Mitic and Rene Haas are considered by the Board to be independent in their character and judgement. Phillip Hulme and Peter Ogden, the Founder Non-Executive Directors, are not considered to be independent, having started the Company in 1981 and remained on the Board in either an Executive or Non-Executive capacity since that time.

There is no dominant individual or group of individuals on the Board influencing its decision-making and the Board is comfortable that each Director makes a valuable contribution to the Board.

Appointments to, and development of, the Board

The Nomination Committee leads the process for Board appointments. Further detail on the Committee's role, membership and work during the year is set out on pages 86 to 87.

Non-Executive Directors are appointed to the Board for an initial three-year term, the renewal of which is timed to co-terminate at the close of an Annual General Meeting. The Executive Directors are appointed for a rolling 12-month term. The terms and conditions of appointment of all Directors are available for inspection at the Company's registered office and at each AGM.

Whilst the Company's Articles of Association require a Director to be subject to election at the first AGM following his or her appointment and thereafter every third year, the Board has decided that, in accordance with the 2018 Code, all Directors should be subject to election or re-election at the Company's next AGM on 20 May 2021. All Directors will then be subject to election or re-election at each AGM thereafter. If the shareholders do not elect or re-elect a Director, or a Director is retired from office under the Articles, the appointment terminates immediately and without compensation.

Upon joining the Board, all Directors receive a comprehensive induction programme organised by the Company Secretary, 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 matters and details regarding Directors' duties and responsibilities. All new Directors are introduced to the Group's Executive Management team. New Directors are also required to take advantage of opportunities to meet major shareholders.

The Chairman regularly liaises with each Director to discuss and agree their training and development needs. The Board is confident that all of its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

Division of responsibilities

The roles of the Chairman and Chief Executive Officer (CEO) are separate and their responsibilities are clearly set out in writing, reviewed annually and approved by the Board. They are available for inspection on the Company's website at investors.computacenter.com.

In summary, the Chairman's role is to lead and manage the Board, and to help facilitate the Board's discussion of the Group's strategy. The Chairman actively encourages contributions from all Directors and is responsible for ensuring constructive interaction between the individual members of the Board. The Chairman is also responsible for setting the Board's agenda and ensuring that sufficient time is available for discussion of all agenda items and, in particular, strategic issues. The CEO is responsible for the day-to-day management of the Group's operations and for the proper execution of strategy, as set by the Board.

Senior Independent Director

Ros Rivaz is the Senior Independent Director. She acts as a sounding board for the Chairman and, where necessary, as an intermediary between the Chairman and other Directors. She is available to take representations from shareholders who do not want to raise their issue with the Chairman. Ros also leads the annual appraisal of the Chairman's performance, in consultation with the other Non-Executive Directors and without the Chairman being present. The feedback from this appraisal is discussed at a subsequent Board meeting.

The Board's key activities during the year

The Board held nine scheduled meetings during the year, to deal with the standing items on its agenda and matters arising, including reviewing and discussing any information provided to it by senior Management. The Board views this as sufficient to discharge its duties effectively. The Chairman and Non-Executive Directors also met twice during the year, without the Executive Directors being present. In 2020, the Board considered:

Regular items

- Terms of Reference for each of its Committees;
- Annual and Interim Reports;
- dividend policy;
- reports from the Committee Chairmen on the Committees' key activities;
- Matters Reserved for the Board and Delegated Class Transactions review;
- role of the Chairman, CEO and Senior Independent Director;
- gender pay gap reporting;
- diversity and inclusion;
- the annual budget and three-year plan;
- the Viability Statement;
- employee and other stakeholder engagement;
- the community and the environment
- the culture of the Group;
- cyber security;
- cash deposit strategy;
- Group insurance coverage;
- market abuse regulations;
- Management's strategic planning and execution;
- The performance of the Group and Management; and
- Executive succession planning.

Additional items

- COVID-19 impacts and mitigations;
- Pivot and BT acquisitions;
- other acquisition and disposal opportunities;
- integration of recent acquisitions;
- IT project updates;
- corporate governance changes;
- General Data Protection Regulation;
- significant new Managed Services bids;
- significant in-life Managed Services contract reviews; and
- planning for the United Kingdom exiting the European Union.

Insurance and indemnities

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

EFFECTIVENESS

Time commitment

The Non-Executive Directors' letters of appointment set out the expected time commitment required to execute their duties. Although the nature of the roles makes it difficult to be specific about the maximum time commitment, a commitment of up to two days per month is expected, including attendance at and preparations for regular Board meetings. In certain circumstances, for instance when the Company is engaged in acquisitions, restructuring or other corporate transactions, there may be additional Board meetings and Non-Executive Directors are expected to attend these where possible.

There has been no increase in the Chairman's significant external commitments during the year, which would affect the time he has to fulfil his role. In light of the internal Board evaluation completed for 2020, the Board is satisfied that each Director is able to allocate sufficient time to the Company to discharge his or her responsibilities effectively.

Provided the time commitment does not conflict with the Director's duties to the Company, the Board may authorise the Executive Directors to take Non-Executive positions in other companies and organisations, as this should broaden their experience. The Board would not agree to a full-time Executive Director taking on more than one Non-Executive Directorship of a FTSE 100 company or the Chairmanship of such a company. No such positions have been taken by the Executive Directors.

Information and support

All Directors receive appropriate documentation in advance of each Board and Committee meeting. This includes detailed briefings on all matters, to enable Directors to discharge their duties effectively. Individual Directors can obtain independent professional advice, at the Company's expense, where they believe it is necessary to discharge their responsibilities. The Company Secretary ensures that the Board Committees are provided with sufficient resources to undertake their duties.

Where Directors have concerns which cannot be resolved, whether about the running of the Company or a proposed action, their concerns will be recorded in the Board minutes. On resignation, a Non-Executive Director would be required to provide a written statement to the Chairman, for circulation to the Board, if they had any such concerns.

The Company Secretary advises the Board on all corporate governance matters and advises the Chairman to ensure that all Board procedures are followed. All Directors have access to the advice and services of the Company Secretary. The appointment or removal of the Company Secretary requires Board approval.

Evaluation

In accordance with the requirements of the 2018 Code, the Board carries out a review of the effectiveness of its performance and that of its Committees and Directors each year. Between December 2020 and January 2021, the Company Secretary carried out an internal evaluation of the Board and each of its Committees. The review looked at key areas of responsibility including strategy, decision making, composition and dynamics, leadership, talent development and succession planning. The Board also reviewed the balance of skills and diversity.

The review took the form of a series of tailored online questionnaires, covering the Board and each Committee. The Chairmen of the Board and the Committees were able to review and shape both the questionnaires and the list of non-Board respondents, to make best use of the process. The questionnaire responses were collated and analysed before inclusion in a report to the Board. In February 2021, the Company Secretary presented this report to the Board and led a discussion of the key findings and the implications for the Board's development.

The evaluation found there to be open and constructive dialogue between Board members and a sound and challenging relationship between Non-Executive and Executive Directors. The Board is satisfied that there is a clearly articulated strategy and a good process for managing risk. An action plan, that builds on findings from both this evaluation, and measures taken as a result of the previous evaluation, has therefore been drawn up, against which progress will be monitored regularly.

The Board is required by the Code to conduct an externally facilitated evaluation every three years. This was last carried out between December 2019 and January 2020. The Board anticipates that its next externally facilitated evaluation will be conducted over the period December 2022 to January 2023.

The Senior Independent Director, Ros Rivaz, reviewed the Chairman's performance with input from the other Non-Executive Directors, and the feedback was discussed formally at the following Board meeting.

Nomination Committee Report

With the appointment of Pauline Campbell it is expected that the Board will be compliant with the provisions of the Hampton-Alexander review with one-third female representation on the Board.

Peter Ryan
Chairman of the Nomination Committee

Current members	Role	Attendance record
1. Peter Ryan (Chairman)	Non-Executive Chairman of the Board	2/2
2. Rene Haas	Non-Executive Director	2/2
3. Ljiljana Mitic	Non-Executive Director	2/2
4. Minnow Powell	Non-Executive Director	2/2
5. Ros Rivaz	Non-Executive Director	2/2

Membership and attendance

The members of the Nomination Committee are the independent Non-Executive Directors and the Chairman of the Board. Further detail on the Committee's membership and attendance at its meetings can be found directly above. However, the Committee seeks input from all the Directors and involves the Board when performing its key responsibilities.

The Company Secretary is the secretary to the Committee.

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, and ensuring that any such process is formal and transparent;
- ensuring that the Board and its Committees have the right balance of skills, knowledge, experience and diversity to enable each to discharge its duties and responsibilities effectively;
- reviewing whether to recommend a Director for re-election at the Company's AGM;
- reviewing whether each Director has sufficient time to discharge his or her duty to the Company and its shareholders;
- succession planning for the Board and Senior Executives of the Group; and
- reviewing the membership of the Board's Committees.

The Committee's full terms of reference are available on the Company's website at investors.computacenter.com.

Main activities of the Committee in 2020

The Nomination Committee met twice during 2020 and its work included the following:

Succession planning

Developing future leaders and successor candidates is central to maintaining a culture that builds long-term customer relationships. Succession is also one of the Company's principal risks, as disclosed on pages 71 to 76 of this Annual Report and Accounts. The Committee therefore focuses on effective succession planning, to ensure Computacenter's future prosperity. Whilst internal talent development is primarily Management's responsibility, the Committee has reviewed Management's pipeline of executive talent, both for emergency use and its long-term potential.

In response to the 2019 external evaluation of the Committee, the Committee has extended its oversight of succession planning beneath the Executive level. The Committee has therefore reviewed the candidate pools and development plans that support the Executive Directors in planning succession for the Group Executive and fostering talent growth and accumulation at this level.

The Committee reviews the Board's structure, including the composition of the Directors' skills and diversity. As part of this process, the Chairman has regular conversations with Board members to assess how long they wish to remain on the Board and their career plans. This ensures the Board will be able to respond quickly when a Director decides to stand down, to avoid an adverse impact on Board composition and to enable continuous compliance with Provision 11 of the Code.

Board appointment
Minnow Powell indicated to the Chairman that after more than six years of service, he was minded to step down from the Board following the release of the Company's 2021 Interim Results, if the Company had found a suitable successor by then.

The Nomination Committee appointed Russell Reynolds to search for an Independent Non-Executive Director to fill the upcoming vacancy. Russell Reynolds is a global leader in assessment, recruitment and succession planning for boards of Directors. It has no connection to the Company other than to provide this service and was appointed due to prior positive experiences of the firm, during recent Non-Executive Director appointments.

In conjunction with the Nomination Committee, Russell Reynolds developed a candidate specification that highlighted the necessary areas of competence to join the Board. The most important of these included a strong track record of recent and relevant financial experience, preferably within Computacenter's sector and including either prior service as an audit committee chair or as an audit partner within a large international auditing practice. The candidate was also required to demonstrate the communication skills and personal characteristics to ensure a cultural fit for the Company.

Having identified a suitable individual from a shortlist of candidates, the Board confirmed the appointment of Pauline Campbell at a Board meeting held on 9 March 2021. The Chairman noted that Pauline's recent and relevant financial experience, as a recently retired PwC Audit Partner who brings over 30 years of experience in the profession, complemented the skills and background of the other Board members.

Prior to formally recommending her appointment to the Board, the Committee considered and agreed that Pauline would be independent in character and judgement, as defined under Provision 10 of the 2018 UK Corporate Governance Code. Pauline was also appointed as Chair-elect of the Audit Committee and a member of the Remuneration and Nomination Committees. It is intended that Pauline will succeed Minnow as Audit Committee Chair following Minnow's retirement from the Board on 30 September 2021.

Performance of the Committee
During the year, the Company Secretary facilitated an internal review of the Committee, according to its Terms of Reference. The results have been analysed and, in response to some of the observations made, the Committee will look to continue to enhance the Committee's understanding of succession planning through the wider management structure beneath the Group Executive Management team. This will include ensuring that appropriate steps are taken to develop internal candidates for CEO and FD succession. The Committee will continue to ensure that diversity and inclusion remain a key input when considering these plans. The Committee will also continue to improve its own succession processes and policies for Board and Committee appointments. Further detail on how the Committee evaluation was conducted is disclosed on pages 84 to 85.

Election and re-election of Directors
The Committee reviewed in detail the performance of the Directors who are standing for re-election at the Company's 2021 AGM. The results of the Company's most recent Board evaluation process were considered, alongside each individual's contribution.

Following this review the Committee recommended that each of the Directors on the Board as at 31 December 2020 be put forward for re-election at the 2021 AGM.

Diversity
As discussed in the Chairman's Governance Overview, the Board recognises the benefits of diversity and the Committee has reviewed the composition of the Board and the tenure of its members, against the background o1ecent developments including the Sir John Parker review on ethnic diversity and the Hampton-Alexander review on gender diversity.

As at 31 December 2020, the Computacenter Board had two female Non-Executive Directors, Ros Rivaz and Ljiljana Mitic, representing 22.2 per cent of the total Board membership, and no Directors that identified as being from an ethnic minority background. With the appointment of Pauline on 16 August 2021 and the retirement of Minnow on 30 September 2021, it is expected that the Board will be compliant with the provisions of the Hampton-Alexander review with one-third female representation on the Board prior to 31 December 2021.

Female representation in the first layer of management below Board level, including the Company Secretary, has remained unchanged in absolute terms but risen from 15.4 per cent at 31 December 2019 (two out of 13) to 16.7 per cent as at 31 December 2020 (two out of 12). The number of women directly reporting to the first layer of management below Board level, including the Company Secretary, has risen in absolute numbers from 24 out of 91 (26.3 per cent) in 2019 to 31 out of 121 (25.6 per cent) in 2020. The percentage decline over this period was due to the acquisitions, which increased the overall size of this management layer but contained a lower proportion of female representation than the existing Group.

Peter Ryan
Chairman of the Nomination Committee
15 March 2021

ACCOUNTABILITY

Financial and business reporting

The Directors are required to include the following in this report, under the Code. Please see:

- page 70 for the Board's statement on the Annual Report and Accounts being fair, balanced and understandable and providing the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- page 69 for the statement on the status of the Company and the Group as a Going Concern;
- the Strategic Report from the inside front cover to page 76, for an explanation of the Group's business model and the strategy for delivering the Group's objectives; and
- the Risk Management section below for confirmation that the Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Risk management

The Board has carried out a robust assessment of the principal risks facing the Group, including those that threaten its business model, future performance, solvency or liquidity. Please refer to pages 71 to 76 for further information on the Group's Principal Risks and Uncertainties, including how they are being managed and mitigated.

Executive and senior Management have primary responsibility for identifying and managing the risks the Group faces. A comprehensive risk management programme has been developed and is monitored by the Group Risk Committee, which is chaired by the Group Finance Director and whose members include the Group Head of Internal Audit and Risk and senior operational managers from across the Group. Throughout the year each meeting has been attended by at least one Independent Non-Executive Director as a guest of the Chairman of the Committee.

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 periodically reviews the Group's strategic risks and its key mitigation plans and, through the Audit Committee, receives regular reports from the Group Risk Committee. Through the Group Risk Committee, the Board receives updates from the Group Planning for the United Kingdom Exiting the European Union Committee. Prior to the agreement of a trade deal with the EU, these updates covered the Group's response to the risk of the UK failing to agree a trade deal before the transition period ended on 31 December 2020. Since the trade deal was agreed, the Committee provides updates on the Group's ability to export to and import from the EU, keeping abreast of developing practice and any issues that may arise.

As a sales-led and customer-focused organisation, effective risk management processes are vital to the Group's continued success. Therefore, the Board continues to apply a robust risk management and governance model to provide assurance over the principal risks that might affect the achievement of the Group's Strategic Priorities. These Strategic Priorities are focused on improving the Services business and maintaining the longevity of the Group's customer relationships, which in turn rely heavily on the contribution made by the Group's customer-facing staff and those involved in innovation and design. The Group's risk management approach recognises this, ensuring that risks are identified and mitigated at the appropriate level, leaving individuals empowered to make their vital contributions.

The Group's model uses the well-defined three lines of defence methodology:

- The first line of defence consists of operational management, who own the risks and apply the internal controls necessary for managing risks day-to-day.
- The second line of defence comprises functions such as internal compliance and assurance, which offer guidance, direction, oversight and challenge at the appropriate level.
- The third line of defence, provided by Group Internal Audit, gives an independent view of the effectiveness of the risk management and internal control processes. It reports to the Audit Committee to ensure independence from Management.

The Board reviews the operational effectiveness of the risk management model by directing the reinforcement of the processes that underpin it and by making sure it is embedded across all levels of the organisation. For example:

- The Schedule of Matters Reserved for the Board ensures that the Directors properly address all significant factors affecting Group strategy, structure, financing and contracts.
- The Board and Executive Committee consider the principal risks, which are the barriers to achieving the Board's Strategic Priorities.
- The Group Risk Committee challenges the effectiveness of the principal risk mitigations.
- The Group Risk Committee considers each principal risk in-depth at least once a year, by receiving reports from the risk owner.
- The Group Risk Committee's deliberations, along with the current status of each principal risk, are reported to the Audit Committee and the Board.
- The principal risk list is reviewed once a year and leverages a bottom-up annual operational risk review, where operational management identify their everyday risks.
- The Group Compliance Steering Committee assesses observance of laws and regulations, and reports to the Group Risk Committee.
- The bid governance process reviews bids or major changes to existing contracts, and aligns with the Group's risk appetite and risk management process.
- The Group Planning for the United Kingdom Exiting the European Union Committee assesses the latest position, as described above, and identifies mitigating activities for the Group, to reduce any short-term disruption to its activities.

The model and process comply fully with the UK Corporate Governance Code and the Financial Reporting Council's Guidance on risk management, internal control and related financial and business reporting.

There were several enhancements to the risk framework and processes over the last year, including:

- Changes to the method in which risk owners report to the quarterly meetings of the Group Risk Committee, to ensure they consider risk appetite, non-financial risks and potential risk triggers.
- While all principal risks are reviewed at least annually by the Group Risk Committee, higher-level risks are considered more frequently. Contract risks, cyber risk and data privacy are reviewed bi-annually while acquisition integration risk is considered at each meeting.
- The Compliance Steering Committee, which reports to the Group Risk Committee, has rolled-out a Compliance Management System during 2020 to assess risk and compliance more thoroughly.
- We continue to monitor the effects of the COVID-19 pandemic for its potential impact on our business, specifically in relation to the health and wellbeing of our employees, our global supply chain and in changing customer requirements.

The Group has detailed business interruption contingency plans for all key sites. 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 enable 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 information used in the business and for publication is reliable. This system of control is designed to reduce the risk of failure to achieve business objectives to a level consistent with the Board's risk appetite, rather than eliminate that risk, 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. In the Board's opinion, the Group complied with the Code's internal control requirements throughout the year. Where material weaknesses or opportunities for improvement are identified, changes are implemented and monitored.

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

Responsibilities and authority structure

As discussed above, the Board has overall responsibility for making strategic decisions. There is a written schedule of Matters Reserved for the Board.

The Group Executive Committee meets formally on a quarterly basis and, more informally, on a fortnightly basis, to discuss day-to-day operational matters. With the Group Operating Model in place across 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 its operations. Access controls continue to improve, where processes have been automated to secure data. The Group has developed management information systems to identify risks and enable the effectiveness of the systems of internal control to be assessed. Linking employee incentives to customer satisfaction and profitability reinforces accountability and encourages further scrutiny of costs and revenues.

Proposals for capital expenditure are reviewed and authorised, based on the Group's procedures and documented authority levels. The cases for all investment projects are reviewed and approved at divisional level. Major investment projects are subject to Board approval, and Board input and approval is required for all merger and acquisition proposals.

Planning and reporting processes

Each year, senior Management prepares or updates the three-year strategic plan, which the Board then reviews. The comprehensive annual budgeting process is subject to Board approval. Performance is monitored through a rigorous and detailed financial and management reporting system, through which monthly results are reviewed against budgets, agreed targets and, where appropriate, data for past periods. The results and explanations for variances are regularly reported to the Board and appropriate action is taken where variances arise.

Management and specialists within the Finance Department are responsible for ensuring that the Group maintains appropriate financial records and processes. This ensures that financial information is relevant and reliable, meets applicable laws and regulations, and is distributed internally and externally in a timely manner. Management reviews the Consolidated Financial Statements, to ensure that the Group's financial position and results are appropriately reflected. The Audit Committee reviews all financial information that the Group publishes.

Centralised treasury function

The Board has established and regularly reviews key treasury policies, which cover matters such as counterparty exposure, borrowing arrangements and foreign exchange exposure management. The Group Treasury Function manages liquidity and borrowing facilities for customer-specific requirements, ongoing capital expenditure and working capital. The Group Treasury Function reports to the Group Finance Director, with regular reporting to the Audit Committee.

The Group Treasury Committee enhances Management oversight. It is chaired by the Group Finance Director and also comprises the Group Financial Controller, the Group Head of Financial Reporting and the Group Head of Tax and Treasury. It is responsible for the ongoing review of treasury policy and strategy, and for recommending any policy changes for Board approval. The Committee approves, on an ad hoc basis, any treasury activities which are not covered by existing policies or which are Matters Reserved for the Board, and also monitors hedging activities for effectiveness.

Quality and integrity of employees

The Group's rigorous recruitment procedures ensure that new employees are of a suitable calibre. Management continuously monitors training requirements and ongoing appraisals ensure that required standards are maintained across the Group. Resource requirements are identified by managers and reviewed by senior Management.

Compliance policies

The Group has a number of compliance policies, including those relating to the General Data Protection Regulation, Business Ethics and Anti-bribery and Corruption. Any breach of these policies by an employee is a disciplinary matter and is dealt with accordingly. The internal control regime is supported by a whistleblowing function, which is now operated by an independent third party.

The Compliance Steering Committee supervises compliance-related activity and issues across the Group and supports the Group Risk Committee in that regard.

Audit Committee and the auditor

For further information on the Company's compliance with the Code provisions relating to the Audit Committee, Group auditor and Internal Audit, please refer to the Audit Committee report on pages 90 to 95.

Audit Committee Report

The Committee, as a whole, has competence relevant to the sector in which the Company operates.

Minnow Powell
Chairman of the Audit Committee

Current members	Role	Attendance record
1. Minnow Powell (Chairman)	Non-Executive Director	4/4
4. Rene Haas	Non-Executive Director	3/4*
3. Ljiljana Mitic	Non-Executive Director	4/4
2. Ros Rivaz	Non-Executive Director	4/4

* Rene was unable to travel from the USA to attend the meeting of the Audit Committee on the morning of 14 May 2020 due to COVID-19 travel restrictions, and could not join by video conference due to incompatible time zones with a suitable alternative date unable to be found. Rene had a briefing call with the Chairman prior to the meeting to discuss the agenda and papers ensuring that his views were able to be considered.

Composition of the Committee

As at 31 December 2020, the Audit Committee (the 'Committee') comprised the four Independent Non-Executive Directors. All members are considered to be appropriately qualified and experienced to fulfil their role and allow the Committee to perform its duties effectively. For the purposes of Code provision 24, one member of the Committee, Minnow Powell, is considered to have recent and relevant financial experience. The Committee notes the requirements of the Code and confirms that, having considered the requirements against feedback provided through the Board and Committee effectiveness review, the Committee, as a whole, has competence relevant to the sector in which the Company operates. Further details of specific relevant experience can be found in the Directors' biographies on pages 80 to 81.

Meetings of the Committee

The Committee met four times during 2020. Meetings are attended routinely by the Chairman of the Board, Group Finance Director, Group Head of Financial Reporting, Group Head of Internal Audit & Risk Management and the external auditor. The Company Secretary acts as Secretary to the Committee. The meetings cover a standing list of agenda items, which is based on the Committee's Terms of Reference, and consider additional matters when the Committee deems it necessary.

In addition to the Committee meetings, I also met privately on occasion with members of Management during the year, to discuss the risks and challenges faced by the business as well as accounting and reporting matters and, importantly, how these are being addressed. On two occasions during the year, the Committee met separately with the external auditor and the Group Head of Internal Audit & Risk Management, without Management present. From time to time, I also attend meetings of the Group Risk Committee.

Prior to each meeting of the Committee, I meet separately with those presenting papers to the Committee, to ensure the papers are of sufficient quality and rigour.

I am satisfied that the flow of information to the Committee is appropriate and provided in good time, to allow members to review matters due for consideration at each Committee meeting. I am also satisfied that meetings were scheduled to allow adequate time to enable full and informed debate.

Principal responsibilities of the Committee

The Committee's main responsibilities during the year, as set out in the Code, were to:

- monitor the integrity of the Company's Financial Statements and any formal announcements relating to the Company's financial performance, and to review significant financial reporting judgements contained in them;
- provide advice (where requested by the Board) on whether 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 position and performance, business model and strategy;
- review the Company's internal financial controls and internal control and risk management systems;
- monitor and review the effectiveness of the Company's Internal Audit function, including approving the internal audit plan;
- make recommendations to the Board about the appointment, reappointment and removal of the external auditor, and, where necessary, conduct the tender process;
- approve the external auditor's remuneration and terms of engagement;
- review and monitor the external auditor's independence and objectivity;
- review the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- develop and implement policy on engaging the external auditor to supply non-audit services, ensure there is prior approval of non-audit services, consider the impact this may have on independence, take into account the relevant regulations and ethical guidance in this regard, and report to the Board on any improvement or action required; and

- report to the Board on how it has discharged its responsibilities. Immediately following each Committee meeting, I report to the Board on the Committee's activities and how it is discharging its responsibilities as set out in its Terms of Reference, which can be found on the Company's website at investors.computacenter.com.

Activities of the Committee

The Committee's activities during the year, which are based on its Terms of Reference, are set out below:

Key judgements and current financial reporting standards

The Committee reviewed the integrity of the Group's Consolidated Financial Statements and, in doing so, considered the following key judgements. In reviewing these matters, the Committee also took account of the views of the external auditor, KPMG LLP.

Professional Services and Managed Services contract accounting

The Committee continued to focus on Services contract accounting during the year. It received an update at each meeting from Management on a number of contracts across the Group's major geographies. These contracts were highlighted due to performance being lower than anticipated at the bid stage or because there were complex revenue recognition elements to the contract. In addition to reviewing the assumptions at a point in time, the Committee reviewed when information underpinning the judgements changed and the reasons for the change. The Committee noted that the number of difficult contracts which were under review declined during the year.

The Committee remains satisfied with the revenue recognition accounting judgements but will continue to monitor the performance of difficult contracts, in part to ensure that Management continues to address material lessons learnt from the execution of these contracts.

Technology Sourcing revenue recognition and 'bill and hold' cut-off procedures

Given the level of sales around year end, the Audit Committee supported the auditor's approach to increasing its testing of Technology Sourcing revenue cut-off, particularly in regard to 'bill and hold' arrangements where customers purchase inventory that remains in our Integration Centers following revenue recognition. We encouraged Management to continue to review and improve 'bill and hold' procedures. The Committee was pleased to note that no significant errors were found as a result of the auditor's work in this area at year end.

Acquisition accounting

During 2020, the Group acquired Pivot, a large Technology Sourcing reseller in the USA and Canada, and a portion of the BT Services French business. The Committee reviewed the acquisition accounting judgements, including the valuation of acquired intangible assets, and the differences between the provisional fair values and the book values at acquisition.

During 2019, the Group acquired PathWorks GmbH ('PathWorks'), a small Technology Sourcing reseller in Switzerland, and reacquired RDC in the UK, a former subsidiary of the Group which was sold in February 2015. The initial accounting for the acquisitions was only determined provisionally at the end of the 2019 reporting period and the Committee reviewed the final position close to the anniversary of the acquisition. The accounting for the acquisitions is now complete. There were no material changes to the fair values or the book values at acquisition for either entity.

Valuation of acquired intangible assets

An independent accounting firm produced a report on the valuation of intangible assets within Pivot. The Committee considered the resultant valuation and Management's associated review. The Committee considered the intangible assets identified and the potential assets disregarded for valuation. The Committee also reviewed the valuation methodologies used for allocating the purchase price and the valuation outcomes that appropriately valued the customer relationships and order backlog, leaving an indicative residual goodwill of less than 50 per cent of the enterprise value. The Committee noted the principal reason for the acquisition was to acquire a further Technology Sourcing business, giving the Group a larger base from which to grow in the US, rather than building such a business from scratch and generating the vendor accreditations, customers and sales team required. The Committee regarded the intangible assets valuation for customer relationships acquired as consistent with the initial information provided to the Committee pre-acquisition, which considered the number of significant long-term customers within Pivot as one of the value drivers of the potential acquisition. The Committee also regarded the intangibles to which no values should be attributed as appropriate, including the value of the workforce.

An independent accounting firm produced a report on the valuation of intangible assets within BT Services France. The Committee considered the report and Management's associated review. The Committee considered the intangible assets identified and the potential assets disregarded for valuation. The Committee also reviewed the valuation methodologies used for allocating the purchase price and the valuation outcomes that appropriately valued the customer relationships for maintenance customers. The Committee considered that the limited value of intangible assets identified was consistent with its understanding of the basis on which the Company made this investment, which was to broaden the Group's Managed Services offering in France, particularly within the network and infrastructure lines of business. The Committee noted the difficult recent history of the business and the terms of the transaction, which left material amounts of cash within the business for Management to use to bring the business to an acceptable level of profitability, and which resulted in a material exceptional gain on acquisition recognised in the Consolidated Income Statement. The Committee concluded that Management's view was appropriate.

Review of Accounts by the Financial Reporting Council

The Company received a letter from the Financial Reporting Council requesting further information and clarification of the disclosures regarding the range of potential outcomes in relation to contract provisions, as contained within note 3.1.1 of the 2019 Annual Report and Accounts. On reflection, and prompted by the letter, the Company does not now consider that the outcomes of any of the 'difficult' contracts identified and provided for as at 31 December 2019 contained assumptions that were sufficiently sensitive to affect the provision materially. Accordingly, we have now concluded that the 'difficult' contract provisions need not have been included as a critical estimate, as defined under IAS 1.125 as a 'major source of estimation uncertainty', in the 2019 Annual Report and Accounts but arose from a continuation of the disclosure made in earlier years.

We acknowledge that the FRC's review was based solely on the 2019 Annual Report and Accounts and did not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into, although it was conducted by staff who understand the relevant legal and accounting framework. We note that the matter was concluded quickly through a limited exchange of correspondence and that, alongside several specific suggested areas for improvement from which the 2020 Annual Report and Accounts now benefits, a specific disclosure change has been made in the year to 31 December 2020 to remove 'difficult' contract provisions from being a critical estimate, as these are no longer considered such by Management.

Risk of impairment of FusionStorm goodwill and acquired intangible assets
The Committee considered Management's review of the value of goodwill and acquired intangibles in the FusionStorm cash generating unit ('CGU'). This review assessed factors which could affect the recoverability of these assets and whether they could give rise to an impairment. Management's review noted the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of the value-in-use.

The Committee reviewed Management's assumptions, which are based on the Board's approved budget for 2021 and the Plan for 2022 and 2023, noting that FusionStorm would be integrated with Pivot to form a new CGU being Computacenter USA. This included:
- assessing the discount rates used in the cash flow forecasts;
- referencing the discount rates used by comparable companies;
- comparing the projected growth rates to externally derived data; and
- reviewing sensitivity analysis on the assumptions noted above.

The Committee also reviewed the adequacy of the Group's disclosures in respect of goodwill, including the sensitivity of the outcome of the impairment assessment to changes in key assumptions, and the disclosure of key estimates and judgements related to the carrying amount. The Committee considered that the carrying value of the goodwill and acquired intangible assets remains appropriate.

Segmental information
As reported in the 2020 Interim Report, in the first half of the year Management reviewed the way Segmental performance is reported to the Board and the Chief Executive Officer, who is the Group's Chief Operating Decision Maker ('CODM'). This followed an analysis of where the results of certain Managed Services contracts were reported within its operating Segments. As a result of this analysis, the Committee endorsed a revised segmental reporting structure, which the Board adopted. The Committee reviewed the analysis used to identify the new Segments, in accordance with IFRS 8 Operating Segments, and noted that the rationale appeared appropriate for:
- reflecting the transfer of operational responsibility for a significant European customer from the German business to the French business; and
- aligning the reporting of Managed Services work, performed by Computacenter USA on behalf of other Computacenter entities for several key European contracts, with practices across the Group, by reallocating these revenues from the USA Segment to the UK, German, French and International Segments, which are responsible for the customer contracts.

The Committee was satisfied that the new Segmental reporting structure was the basis on which internal reports are to be provided to the Chief Executive Officer, as the CODM, for assessing performance and determining the allocation of resources within the Group.

The Committee noted that the change in segmental reporting has no impact on reported Group numbers and, to enable comparisons with prior period performance, it reviewed the historical segmental information for the periods ended 30 June 2019 and 31 December 2019, which were restated in accordance with the revised segmental reporting structure.

Exceptional and other adjusting items
The Committee considered the nature and quantum of items disclosed as exceptional or as other adjusting items outside of adjusted[1] profit before tax in the Group's 2020 Annual Report and Accounts. The Committee noted an exceptional gain during the year of £14.0 million, directly relating to the acquisition of BT Services France. The Committee noted that Management continued to exclude the amortisation of acquired intangible assets, and the tax effect thereon, in calculating adjusted[1] results and that this charge had materially increased with the acquisition of FusionStorm and Pivot. The Committee agreed with Management's view that amortisation of intangible assets is non-cash and is significantly affected by the timing and size of acquisitions, which affects understanding of the Group and segmental operating results.

The Committee also considered the presentation of adjusted[1] profit in the first half of the Annual Report and Accounts, after taking account of the European Securities and Markets Authority Guidelines on Alternative Performance Measures, which promote the usefulness and transparency of such measures. The Committee remains satisfied with the reconciliation between statutory and adjusted[1] measures that the Group has presented since the 2015 Interim Report, and the level of disclosure which explains both the differences between these measures and the reasons for the differences. The Committee concluded that the presentation of adjusted[1] profit provided clarity on performance and had sufficient equal prominence with statutory profit.

Going concern basis for the Consolidated Financial Statements
The Committee provides input to the Board's assessment of whether it is appropriate for the Group to adopt the going concern basis in preparing Consolidated Financial Statements, at both the half year and full year. To do so, the Committee considered the Group's financial plans and its liquidity, including its cash position and committed bank facilities. It also considered the Group's financing requirements in the context of available committed facilities, including one of £60 million that was renewed for a further three years and was not drawn down during the year, and reviewed Management's forecasts concerning trading performance, which had been discussed and approved at the 10 December 2020 Board meeting. The Committee reviewed the extended Going Concern disclosures included within the 'basis of preparation' note to the Financial Statements in the Annual Report & Accounts and the supporting models that included sensitivity analyses that model a severe but plausible downside from a continued market downturn scenario for some of our customers whose businesses have been affected by COVID-19 and a similar downturn occurring for the remainder of our customer base.

The Committee also noted the Code requirement for the Directors to state whether they consider it appropriate to adopt the going concern basis of accounting for a period of at least 12 months from the date of approval of the Group's 2020 Consolidated Financial Statements. Following its considerations, the Committee was satisfied that the going concern basis of preparation continues to be appropriate and recommended its adoption to the Board. The statement and explanation from the Directors can be found within the Strategic Report on page 69 and the Basis of Preparation with the Notes to the Consolidated Financial Statements on page 138.

Viability Statement
The Code requires the Directors to explain in the Annual Report and Accounts how they have assessed the prospects of the Group, taking into account the Group's current position and principal risks, over what period they have done so and why they consider

that period to be appropriate. The Directors are further required to state whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the assessment period they have chosen, drawing attention to any qualifications or assumptions as necessary. This requirement is known as a Viability Statement.

Following its review of Management's proposals, the Committee continues to recommend to the Board that it sets the period of assessment for the Viability Statement at three years, given the nature of the Group's business model and its strategic time horizon. The Committee and Board also reviewed Management's financial forecasts for the three-year period, and challenged the process undertaken and assumptions made by the Group's Risk Committee, in assessing how those forecasts would be affected by a realistic concurrence of the Group's principal risks. The Committee also considered additional contingencies within the forecast, due to a downside sensitivity scenario that relates to a modelled, but not predicted, severe downturn in Group revenues, beginning in 2021, due to a worsening impact on our customers from the COVID-19 crisis. This sensitivity analysis models a continued market downturn scenario for some of our customers whose businesses have been affected by COVID-19 and a similar downturn occurring for the remainder of our customer base. As a result, the Committee recommended to the Board that it could make the statement required for the assessment period without qualification. The statement and explanation from the Board can be found within the Strategic Report on pages 69 to 70.

Parent Company investment in subsidiaries carrying value

Investments in subsidiaries are the primary asset on the Parent Company Balance Sheet. The Committee considers the carrying value of these investments annually or when an indicator of impairment is identified, as any impairment of these investments would reduce the Company's distributable reserves. Management presented analysis to the Committee to support the carrying value of the investments in subsidiaries held by the Parent Company, including assessing the cash flow forecasts and future trading assumptions of each subsidiary. No impairment of carrying value in the investment in subsidiaries was identified during the year and the Committee remains satisfied that the carrying value of each subsidiary remains appropriate.

Other significant activity

During the year, the Committee reviewed:

- its Terms of Reference against the Code and the Guidance for Audit Committees, following which the Terms of Reference were approved by the Board;
- the Company's distributable reserves, prior to the declaration of both the interim and final dividends in respect of the reporting period;
- reports on the capability of the Finance Shared Service Center in Hungary;
- policies, processes and controls relating to the Group's tax and treasury functions and the Company's Tax Strategy, which can be found on the Company's website: Computacenter.com;
- the trade receivables control environment, to assess the heightened risk of customer defaults due to the COVID-19 pandemic and the associated collection risk;
- ongoing integration plans for the recent acquisitions, including the provision of the Group's Enterprise Resource Planning systems and the wider internal control, risk management and compliance frameworks, including items such as whistleblowing and GDPR;
- review of the Institute of Internal Auditors Code of Practice for Corporates, its application within the Company and resultant changes to the Internal Audit charter;
- enhancements to personnel sensitive data deletion routines;
- reports from the Group Information Assurance ('GIA') function on its role and how it fits into the overall control structures of the Company, as a key part of the 'second line of defence' within the risk management framework. GIA also reported on the programme of enhancements for the Cyber Defence Center and cyber security;
- export controls compliance;
- reimplementation of whistleblowing; and
- regular updates on major Group internal governance enhancement initiatives, including the remit of the Compliance Committee.

Having been requested to do so by the Board in accordance with Code provision 27, the Committee also advised the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee sought assurance as to the review procedures performed by Management, to support and provide assurance to the Board in making this statement. These include clear guidance issued to all contributors to ensure a consistent approach and a formal review process, to ensure that the Annual Report and Accounts are factually correct and include all relevant information. Following a review, the Committee advised the Board that appropriate procedures had been applied.

Performance of the Committee

No major matters were raised in the internally facilitated annual evaluation of the Committee's performance. Refer to pages 84 to 85 for further details on the evaluation carried out.

The effectiveness of internal controls and of the risk management framework

On behalf of the Board, the Committee is responsible for overseeing the effectiveness of the Group's systems of internal control and the risk management framework. The Group Risk Committee ('GRC') meets each quarter to review the key risks facing the business. These are identified, and their likelihood and impact are assessed, within the Group's 'Risk Heat Map'. They are then reviewed in conjunction with accompanying risk mitigation plans. The GRC minutes, or a summary thereof, are circulated to the Committee for review, with any matters of note highlighted and explained to the Committee by the GRC Chairman. This includes an analysis of how the Group's exposure to these risks may have moved during the previous three months and how mitigations to the risks have been introduced or developed, and also provides the GRC's assessment of the effectiveness of the process. To assist the Board, the Committee monitors the risk management processes and reports from Internal Audit. The Committee continues to monitor implementation of agreed improvements, with an emphasis on improving the compliance and control environment within FusionStorm and controls around data deletion in respect of our people. The Committee received the results of an annual survey, where all members of the Group Executive and other key senior Management conduct a controls self-certification exercise and the control environment is reviewed and graded.

Compliance Steering Committee

The Compliance Steering Committee ('CSC') reports to the GRC. It meets quarterly, two weeks before the GRC, and is chaired by the Group Compliance Manager. The Group Head of Legal & Contracting, the Chief People Officer, the Group Data Protection Officer, the Group Head of Internal Audit & Risk Management and the Company Secretary make up the rest of the CSC. The CSC determines which areas of law or regulation apply to the Group, assigns these to members of Management and identifies levels of compliance and associated risk, with the aim of ensuring that these are appropriate to the Group. Critical areas within the CSC's remit include Anti-bribery and Corruption, whistleblowing, data protection and export control.

During the year, the Committee reviewed the CSC's progress with bringing the entities acquired by the end of 2019 into the Group's compliance framework, noting with satisfaction that the work was now complete, with follow-up visits from Internal Audit to FusionStorm confirming the efficacy of the implementation. During 2021, the Committee will look to the CSC to replicate this progress with the entities acquired in November 2020.

Whistleblowing

The Committee confirms that it is satisfied that, as at the date of this report, arrangements are in place to ensure that employees are able, in confidence, to raise concerns about possible improprieties in financial and other matters, and for the proportionate and independent investigation of such concerns, including appropriate follow-up action. During the year, no incidents were reported to the Committee. As at the date of this report, all of the Group's operating entities, including the recent acquisitions of Pivot and BT Services France, had access to the same whistleblowing platform, or, for Pivot a similar platform judged to be appropriate.

The effectiveness of the Internal Audit function

The Group has an Internal Audit function which reports to me, as Chairman of the Committee, and also has direct access to the CEO. Its key objectives are to provide the Board, the Committee and senior Management with independent and objective assurance on risks and the related mitigating controls, and to assist the Board in meeting its corporate governance and regulatory responsibilities. A formal audit charter guides the function's work and procedures, and was updated during the year.

The Board, through the Committee, has directed the Internal Audit department's work towards areas of the business that are considered to be the highest risk. The Committee approves a rolling audit programme, ensuring that all significant areas of the business are independently reviewed over, approximately, a four-year period. The programme and the audit findings are assessed continually, to ensure they take account of the latest information and, in particular, the results of the annual review of the effectiveness of internal control and any shifts in the focus areas of the various businesses.

Each year, the Committee reviews the effectiveness of the Internal Audit department and the Group's risk management programme. The formal review typically consists of an evaluation of Internal Audit's activities by members of the Committee and managers across the business who have been subject to audit during the year. The assessment normally covers areas such as departmental organisation, business understanding, skills and experience, communication and performance. The results were positive with no significant areas for improvement identified.

The Committee received an update from the Group Head of Internal Audit & Risk Management at each meeting during the year, other than in May 2020, as Internal Audit was furloughed for a short time. The updates covered current audit activities and the results of completed audits. I met the Group Head of Internal Audit & Risk Management on a number of occasions during the year, to be updated on the function's activities. The Committee kept Internal Audit's staffing levels under review throughout 2020 and Management has recruited a new resource in the US and strengthened the resource in France, both following the acquisitions.

The Committee has challenged and approved the Internal Audit plan and the mapping of that plan to the Group's principal risks and related mitigating controls, as set out on pages 71 to 76. The plan is 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. This includes reviewing and providing assurance to the Committee regarding the effectiveness of controls over bid management and contract reporting and the control environment of material acquired entities.

The integrity of the Group's relationship with the auditor and the effectiveness of the external audit process

External audit

The Committee oversees the Group's relationship with its auditor and makes recommendations to the Board concerning the appointment, reappointment and remuneration of the auditor.

Reappointment of the auditor

Following a review of the external auditor's effectiveness and further Committee discussions, the Committee has recommended to the Board that it propose the reappointment of KPMG LLP as the Group's auditor, for approval by the Company's shareholders at its 2021 AGM. KPMG LLP was first appointed as the Group's auditor with effect from May 2015, following a competitive tender process. The Committee will continue to review the performance of KPMG LLP, as set out below, on an annual basis.

Rotation of lead audit engagement partner

The lead audit engagement partner for the year ended 31 December 2020 was Mr David Neale, who completed his first year in this role. Mr Neale replaced Mr Tudor Aw, following Mr Aw's full five-year lead audit engagement partner rotation, which ended with the completion of the audit for the year ended 31 December 2019.

During the reporting period, the Company complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Committee Responsibilities) Order 2014.

Effectiveness of the external audit process

The Committee places great importance on ensuring a high-quality and effective external audit process. When conducting the annual review, the Committee considers the performance of the auditor as well as its independence, compliance with relevant statutory, regulatory and ethical standards, and objectivity.

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

- reviewing the audit plan, including identified significant risks and monitoring changes in response to new issues or changing circumstances;
- reviewing the planned audit hours of each component, including hours by audit area and on IT controls;
- reviewing the audit scope with the lead audit engagement partner, to ensure adequate coverage of full-scope audit components over the Group's operations. This included KPMG LLP's specified procedures as set out for the incumbent auditor, EY LLP, of Pivot, on both the acquisition opening balance sheet and for the two-month period ended 31 December 2020;

	2020 £'000	2019 £'000
Auditor's remuneration:		
– Audit of the Financial Statements	**65**	60
– Audit of subsidiaries	**1,138**	829
Total audit fees	**1,203**	889
Audit-related assurance services including the review of the Interim Report and Accounts	**62**	62
Taxation compliance services	**–**	1
Other assurance services	**4**	7
Other non-audit services	**–**	–
Total non-audit services	**66**	70
Total fees	**1,269**	959

- understanding the materiality thresholds adopted by KPMG LLP at each reporting period, for both the audit of the Group and its key audit components;
- attending KPMG LLP's annual 'Academy Day' audit planning workshop, which was attended by senior members of the worldwide audit team and senior finance managers from across the Group;
- receiving reports on the results of the audit work performed; and
- considering the report of the FRC's Audit Quality Review Team on KPMG LLP.

The Committee reviewed the audit plan for the acquired entities for the part-year ended 31 December 2020 with KPMG LLP, to ensure audit coverage was appropriate.

The Committee reviewed the year-end report to the Committee and discussed it with the lead audit engagement partner. The Committee further reviewed the effectiveness of the external audit process by means of a questionnaire, which was completed by key stakeholders and relevant Group Management. The matters covered by the questionnaire included the KPMG LLP employees that comprise the audit team, including their understanding of the business and its audit risks, their degree of scepticism and challenge, and their competency. The results were discussed as a specific agenda item at the Committee meeting immediately following the completion of the questionnaire process, and actions requested by the Committee to enhance effectiveness were followed up and continue to be monitored as appropriate.

Auditor independence
The Committee places considerable importance on ensuring the continuing independence of the Group's auditor. This topic is reviewed at least annually with the auditor, which confirms its independence to the Committee twice a year.

In addition to the above, the Company paid £159,000 to Ernst & Young LLP to perform audit procedures on the opening balance sheet and sufficient year-end procedures for local statutory purposes and to meet the requirements as a component auditor on the Group audit, reporting to KPMG LLP.

Non-audit services
To help maintain the auditor's independence, the Committee has a policy regarding the scope and extent of non-audit services provided by the Group's auditor, which is summarised below.

The auditor is appointed primarily to report on the annual and interim Consolidated Financial Statements. The Committee places a high priority on ensuring that the auditor's independence and objectivity is not compromised either in appearance or in fact. Equally, the Group should not be deprived of expertise where it is needed and there may be occasions where the external auditor is best placed to undertake other accounting, advisory and consultancy work, in view of its knowledge of the business, as well as confidentiality and cost considerations.

Under the Committee's non-audit services policy, the Group auditor should not be engaged to undertake work which constitutes a prohibited non-audit service, as defined under provision 5.167 of the FRC's Ethical Standard. Any other non-audit service (a 'Permitted Service') must, to the extent that it is not viewed as 'trivial', be approved in advance by the Committee.

In each case where the Group auditor is authorised to perform a Permitted Service, the Committee will assess threats to the auditor's independence and the proposed safeguards to be applied when such services are carried out. It will also document what action was taken by the Group auditor, including appropriate safeguards where necessary, to ensure that its independence was not compromised as a result of performing the Permitted Service. The Committee will consider alternative suppliers and competitive tenders and then discuss and document why it viewed the Group auditor as the most appropriate party to perform the Permitted Service.

The Committee monitors compliance with this policy by monitoring the level of non-audit work provided by the external auditor, resulting in non-audit fees being 5.5 per cent of KPMG LLP's overall audit fee during 2020 (2019: 7.9 per cent), as set out above. The Group auditor will, in no circumstances, undertake non-audit services for the Group to the extent that the total fee payable by the Group to its auditor exceeds 70 per cent of the average annual statutory fee payable by the Group over the last three consecutive years. The Group ceased using the Group's auditor for all taxation services within the EU during 2017.

During the year, KPMG LLP provided only trivial non-audit services to the Group. Any trivial non-audit services provided were subject to KPMG LLP's review of the impact on its own independence against the Group's non-audit services policy. None of the trivial engagements constituted a prohibited non-audit service and the Committee was satisfied that the independence of KPMG LLP, as Group auditor, was not affected.

Minnow Powell
Chairman of the Audit Committee
15 March 2021

Directors' Remuneration Report

We will continue to discuss and review the executive remuneration strategy to ensure that it remains current over the three-year life of the Directors' Remuneration Policy.

Ros Rivaz
Chair of the Remuneration Committee

ANNUAL STATEMENT FROM THE CHAIR OF THE REMUNERATION COMMITTEE

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2020.

The report is split into three sections:

- this Annual Statement.
- the Annual Report on Remuneration on pages 105 to 116, which includes information concerning the amount paid to the Executive and Non-Executive Directors in respect of 2020 and details of how the Policy will be implemented in 2021, which will be subject to an advisory vote by shareholders at the Company's 2021 AGM.
- a summary of the Directors' Remuneration Policy, which was subject to a binding vote by shareholders at the Company's Annual General Meeting held on 14 May 2020, has been included on pages 100 to 104 so that shareholders can refer to this easily when reviewing the Annual Report on Remuneration.

The Committee believes that the amount paid to the Executive Directors should be clearly linked to their performance and the value delivered to shareholders. Remuneration for the Group Chief Executive Officer (CEO) and Group Finance Director (FD) is heavily weighted towards variable pay, principally based on the achievement of stretching financial targets set by the Committee. This variability of award outcomes is set out on page 114 (CEO pay history). The Committee monitors closely the link between the amount paid to the Executive Directors, their performance and the value delivered to shareholders and how this relates to the broader workforce. The Committee considers that the remuneration arrangements promote the Company's long-term success within a suitable risk framework, are suitably aligned to shareholder interests and that the actual remuneration earned by the Executive Directors continues to be a fair reflection of their individual and the Group's overall performance. The Committee is therefore comfortable that the Policy has operated as intended. The Board remains committed to retaining a remuneration framework which is simple, transparent and can be understood by all of the Group's stakeholders.

Share ownership by Executive Directors is considered to be a key principle to support shareholder alignment. The CEO and FD both have a significant interest in Computacenter shares, with holdings equivalent to approximately 49 and 125 times salary respectively, which is significantly above our minimum shareholding policy. This ensures that there is a material alignment of interests between the Executive Directors and shareholders. In the Policy approved at the 14 May 2020 AGM, we also introduced a post-cessation of employment shareholding policy.

Business context – the year under review

2020 was a year of unprecedented change, as the COVID-19 pandemic created a challenging global economic environment and significant market volatility. In this context, Computacenter's Executive team have ensured that the business remained well-managed and continued to deliver on the Group's strategy, generating growth, supporting our employees and delivering to our customers during a period of increased demand over the year.

At the start of the year, decisions were taken to protect the business in light of the heightened macro-economic uncertainty. This included the limited use of national employee retention schemes and withdrawal of the final dividend in respect of 2019. Whilst the Group's cash position at the time was strong and trading was in line with our expectations, we continued to explore all opportunities to maintain cash flow and preserve cash balances, in light of the heightening uncertainty about the scale and duration of the macroeconomic impact of COVID-19. The Group had received and approved a number of requests from customers for extended payment terms and continued to look for ways to support the short-term cash flow of smaller customers or those that had been materially affected by the impact of COVID-19. Accordingly, the Board believed at the time of the announcement that it was prudent not to pay a final dividend in respect of the financial year ended 31 December 2019.

In recognition of these actions, as announced in April 2020, Mike Norris, CEO, and Tony Conophy, FD, informed the Committee of their decision to voluntarily reduce their base salary to zero for the period from 1 April 2020 until 30 June 2020. Philip Hulme and Peter Ogden also waived their basic fees due to them as Founder Non-Executive Directors from 1 April 2020 until 31 December 2020.

As the extent of the Group's performance and resilience through the second quarter became known, we reassessed our participation in the employee retention schemes. The Group made no further claim on the UK Job Retention Scheme following the first monthly claim made for April 2020, and has subsequently repaid the sums received from the UK Government for April.

The Board recognises the importance of dividends to shareholders and the Group prides itself on a long track record of paying dividends and other special one-off cash returns. We have resumed our dividend and paid an interim dividend on 23 October 2020, which was in line with the Group's normal policy that the interim dividend will be approximately one-third of the previous year's full dividend. Our proposed 2020 full year dividend is 37.1 per cent higher than the originally proposed 2019 full year dividend.

In terms of overall performance, the Group has delivered very strong performance across all its core geographical markets whilst supporting employees, customers and other stakeholders and completing two acquisitions.

The Group has been led by the UK with strong growth in Technology Sourcing, particularly in financial services and the Public Sector. Germany has seen continued growth in its Services business, with Professional Services again underpinning this performance, which has more than offset a slight decline in Technology Sourcing due to a marked slowdown in its core industrial customer base. We have again seen strong growth and improving margins in Germany, driven by the Public Sector in Technology Sourcing and a Professional Services business operating at full capacity. The French business was among the most impacted by COVID-19, due to its customer mix and the French macroeconomic environment, so it is pleasing that it returned such a positive result whilst dealing with material slow-downs at its largest customers and the loss of its biggest Managed Services contract. The North American Segment has performed well in its first full year comparison of its enlargement, following the fourth quarter of 2018, and looks to reach new levels of performance following the acquisition of Pivot.

As a whole, Technology Sourcing margins have remained strong whilst Services margins have improved materially, contributing to an increase in profit, following a small increase in overall Group revenue excluding the impact of acquisitions. Overall, Group adjusted[1] profit before tax increased by 37.0 per cent during 2020, our adjusted net funds[3] significantly increased whilst funding the acquisition of Pivot Technology Solutions, Inc. from cash reserves, and we have made additional cost savings during the year as the impact of COVID-19 has reduced our discretionary spend on contractors and travel.

In terms of the broader communities in which we operate, the Company partnered with the Daily Mail in their Mail Force Computers for Kids initiative to provide new and refurbished donated laptops to schools across the UK, utilising our laptop wiping and recommissioning services via our dedicated subsidiary, RDC. The Group has donated laptops to the initiative but, more importantly, is recommissioning all donated laptops on a not-for-profit basis at its dedicated IT recycling centre in Braintree, Essex, via its subsidiary RDC, which specialises in repurposing IT equipment.

Our shareholders have enjoyed significant returns when compared to the wider market. During 2020, shareholders have seen a return of circa 39 per cent on the value of their investment through share price appreciation and dividends, and shareholder value has more than doubled over the three-year period from 2018 to 2020. Further details can be found on page 113.

Remuneration outcomes

The Committee reviewed performance against the conditions set for the potential bonus opportunity in 2020. These performance conditions included profit, Services contribution growth, Group cash, cost savings and personal objectives. Financial performance is measured on a constant currency[2] basis. Performance against profit, Services contribution growth, cash and the cost measure in each case exceeded the maximum target set by the Committee, resulting in a full payout for these elements. The personal objectives measures partially paid out.

The Committee considered the formulaic outturns in the context of the current external environment, wider Company and individual performance, the shareholder experience, the customer experience and the treatment of employees throughout the rest of the Group. The Committee was mindful of the cancellation of the 2019 dividend and limited use of furlough in the year. However this was counterbalanced by a number of factors including: the repayment of sums received from the UK Government for April; the payment of enhanced rates and at the Group's expense for the UK employees that continued to be supported on furlough; the resumption of our dividend during the year; the substantial reduction in salary taken by the Executive Directors during the year; and the strong performance delivered by the business.

Taking all of the above into account, the Committee considered the bonus outcome to be a fair reflection of performance, and no discretion was exercised to vary the amount.

The CEO received 96.0 per cent and the FD 94.0 per cent respectively of their total potential bonus for the year. Fifty per cent of the bonus will be deferred into Computacenter shares, with half of this payable after one year in 2022 and the remainder payable after two years in 2023.

Of the Computacenter Performance Share Plan (PSP) awards granted in March 2018, 70.0 per cent will vest in March 2021, and will be paid out to the Executive Directors, subject to a two-year holding period. The conditions for the vesting of these awards are calculated by reference to the growth in the Company's adjusted[1] diluted EPS and growth in Group Services revenue for the three financial years ended 31 December 2020. The payout reflects the significant value creation enjoyed by shareholders during this period and no discretion was exercised to adjust the amount.

The year ahead

The basic salary of the CEO and FD will be increased by two per cent for 2020, consistent with the average increase for the wider UK workforce.

Award levels under the annual bonus plan for 2021 will be set at 150 per cent and 125 per cent of salary for the Chief Executive Officer and Group Finance Director respectively. This is within the overall maximum approved by shareholders within the policy, albeit above the level previously operated (being 125 per cent and 100 per cent). The Committee considered this increase appropriate taking into account the sustained performance and increase in size and complexity of the Group over recent years (including recent acquisitions), which has increased the scope of the role and responsibilities of the Executive Directors accordingly. Shareholders were consulted on the proposed change and understood the approach. The Committee has ensured that the targets set for the year are stretching and will assess performance in the round to ensure that the outcomes are fair and a complete reflection of the performance achieved by the Group and/or the Executive Directors.

There will be no change in award levels under our Performance Share Plan, which are currently set at 200 per cent of salary for the Chief Executive Officer and 175 per cent of salary for the Group Finance Director. Awards will continue to be based on stretching targets set out against our Earnings per Share and Services Revenue Growth metrics.

In line with last year, any bonus paid in respect of 2021 will have 50 per cent deferred into Computacenter shares, with half the shares payable after one year and the remaining half after two years, and the PSP awards to be granted to the Executive Directors in respect of 2021 will be subject to a two-year holding period. Further details on how our Directors' Remuneration Policy will be applied for the 2021 financial year are set out on page 116.

Wider workforce

In my role as designated Non-Executive Workforce Engagement Director, I have attended a number of Works Councils and Employee Forums virtually throughout the year. This has enabled me to gain a valuable insight into employee views, as well as the ways in which the Group has supported colleagues during the year. The Board has been kept advised of these meetings through written reports that I have submitted and this has been further formalised by adding these reports to the Board's standing items for its meeting agenda.

During the year, in addition to considering senior pay, the Committee reviewed information on broader workforce pay and practices, as well as the Company's gender pay gap reporting. This information provided important context for the decisions taken during the year.

The Group has ensured that our success has been shared with employees. In recognition of the achievement of an adjusted[1] diluted EPS of over £1 per share, which has been a long-term goal for the Company, a one-off award was made to employees of up to £500, based on service, to mark the contribution made. This award was targeted at those employees below the senior Management level and was paid to 80 per cent of Group employees world-wide in December 2020. We have operated a Sharesave plan in the UK and Germany for a number of years, and have now extended this to include the US. Following the launch of the most recent scheme in 2020, the employee participation rate in these schemes, where an employee is in at least one active savings scheme, is 53 per cent of all employees in the UK (2019: 47 per cent), 17.3 per cent in Germany (2019: 13.4 per cent), and 31.7 per cent in the US (2019: 26.8 per cent).

Committee evaluation

During the year, a review of the Committee was internally facilitated. The results of this evaluation have been analysed and, in response to some of the observations made, we will continue to discuss and review the Executive remuneration strategy to ensure that it remains current over the three-year life of the Directors' Remuneration Policy and fit for purpose against an ever-evolving regulatory and competitive environment, taking into account the views of our broader stakeholders.

Shareholder engagement

Our Remuneration Policy was approved by shareholders at the 2020 AGM with a vote of 98.65 per cent in favour, with 99.99 per cent of shareholders approving the associated annual remuneration report. We are grateful for shareholders' ongoing support of our approach. Taking into account the changes to the Group, as set out above, and the external context, the Remuneration Committee intends to review the policy during the year to ensure that it continues to be fit for purpose. We will, of course, consult with shareholders on any proposed changes to be made.

The Committee's role is to ensure that the remuneration paid out to Executive Directors reflects and underpins the Group's performance. I hope that, having read this report, shareholders will be satisfied that the Committee has discharged its duties appropriately and in line with your interests. The Committee and I would welcome any comments you may have on the contents of this report.

Ros Rivaz
Chair of the Remuneration Committee
15 March 2021

Alignment of our policy with the UK Corporate Governance Code

The Committee considers that the current Remuneration Policy and its implementation appropriately addresses the following principles, as set out in the UK Corporate Governance Code.

Principle	How the Committee has addressed this
Clarity	• The Committee is committed to providing open and transparent disclosures with regards to executive remuneration arrangements. • As part of the review of the Remuneration Policy undertaken in 2019, we consulted with shareholders in order to allow their feedback to be considered by the Committee. The Committee consulted with shareholders in 2021 with respect to the approach to Directors' bonus award levels. • In terms of workforce engagement, the Remuneration Committee Chair took questions from employees on Executive pay matters as part of Works Council and other employee events during the year.
Simplicity	• In determining the remuneration framework, the Committee was mindful of avoiding complexity and ensuring that arrangements are easy to understand. • Our remuneration arrangements are simple in nature, comprising three main elements – fixed pay (comprising of base salary, pension and benefits), variable short-term incentives (annual bonus), and variable long-term incentives (PSP awards). This framework is well understood by both participants and shareholders.
Risk	• The Committee believes that the structure of remuneration arrangements does not encourage excessive risk taking. • The remuneration framework has a number of features which align remuneration outcomes with risk, including a two-year post-vesting holding period applied to any PSP awards, and personal shareholding guidelines applying both in-employment and post-employment. • In addition, malus and clawback provisions apply to both the annual bonus and PSP awards.
Predictability	• The Remuneration Policy outlines the threshold, target and maximum levels of pay that Executive Directors can earn in any given year over the three-year life of the approved Remuneration Policy. Actual incentive outcomes vary depending upon the level of performance against various measures, with performance against targets normally disclosed in the Annual Report on Remuneration each year.
Proportionality	• The Committee is satisfied that the Remuneration Policy does not reward poor performance. Payment of the annual bonus and PSP is subject to the achievement of stretching performance targets, which are clearly linked to the Group's strategy. • Both the Committee and Executive Directors are cognisant of the pay and conditions for the wider workforce, and this is taken into account when considering Executive remuneration. This was demonstrated by the Executive Directors voluntarily waiving their base salary from 1 April to 30 June 2020 in light of the impact of COVID-19 and in solidarity with employees. • Additionally, the Committee retains the discretion to adjust formulaic outcomes under the annual bonus and/or PSP should it consider that the outcome is not aligned to the underlying performance of the Company or individual.
Alignment to culture	• The performance measures that are used for the annual bonus and PSP are clearly linked to delivery of the Group's Strategic Priorities. In addition, 20 per cent of the annual bonus is based on achievement against non-financial strategic targets, which ensures both financial and non-financial strategic goals are considered.

Computacenter's Remuneration Policy table

The table below sets out the main components of Computacenter's Directors' Remuneration Policy which was approved by way of a binding vote at the Company's General Meeting on 14 May 2020. The full Policy can be found on the Company's website at investors.computacenter.com.

Details of the way in which the Policy will be implemented in 2021 are set out in blue in the table below.

Policy table

Base salary	
Purpose and link to strategy	Supports the recruitment and retention of Executives of the calibre required to deliver the Group's strategy.
Operation	Base salaries are paid in cash and reflect an individual's responsibilities, performance, skills and experience. Normally reviewed annually with any changes effective on 1 January, taking into account the level of pay settlements across Computacenter Group, the performance of the business and general market conditions. Salary levels at other organisations of a similar size, complexity and business orientation will be reviewed for guidance. A review may not necessarily result in an increase in base salary. 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. Salary levels for the current Executive Directors for the 2021 financial year are: Group Chief Executive Officer: £573,000 Group Finance Director: £371,200
Maximum opportunity	There is no prescribed maximum base salary or maximum annual increase. Ordinarily any salary increase will reflect our standard approach to increases for other employees in the Group. Higher increases may be considered in certain circumstances as required, for example, to reflect: • an increase in scope of role or responsibility; • performance in role; or • an Executive Director being moved to appropriate market positioning over time.
Performance measures	Individual and business performance are taken into consideration when deciding salary levels.

Annual bonus	
Purpose and link to strategy	To incentivise the delivery of annual, short-term, stretching financial and non-financial objectives. To align pay costs to affordability and the value delivered to shareholders.
Operation	Performance measures and targets are set at the beginning of each financial year. Performance is normally assessed over one financial year. 50 per cent will be paid in cash and 50 per cent will be deferred into Computacenter shares, with half the shares payable after one year and the remaining half after two years. Deferred awards will include the right to receive dividend equivalents in respect of dividends paid over the period from grant of the award to the date on which the Executive Director is first able to acquire shares pursuant to the award, calculated on such basis as the Committee determines. Malus and clawback provisions will apply, as set out in the notes to this table. The Committee has discretion to vary bonus payments downwards or upwards in appropriate circumstances, including 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(s). To the extent that this discretion is exercised, this will be disclosed in the relevant Directors' Remuneration Report and may be the subject of shareholder consultation if deemed appropriate.

Maximum opportunity	The maximum annual bonus opportunity in respect of any financial year is 150 per cent of base salary. In respect of 2021, the maximum bonus opportunity will be 150 per cent of salary for the CEO, Mike Norris and 125 per cent of salary for the FD, Tony Conophy. Increases above the current opportunities, up to the maximum limit, may be made to take account of individual circumstances, which may include an increase in the size or scope of role or responsibility.
Performance measures	Financial measures will normally be used to calculate at least a majority of bonus achievement and the remainder of the annual bonus will normally be attributed to non-financial measures. Financial measures may include profitability, cost management, cash management and other appropriate measures. Non-financial targets will be stretching targets set by the Committee, linked to the delivery of our strategy and the Executive Directors' personal objectives for the year. Targets are reviewed and approved annually by the Committee, to ensure that they are stretching and adequately reflect the strategic aims of the Group. The Committee determines the threshold and target payout levels each year, taking into account the level of stretch in the targets set. The level of overall bonus award which is payable for threshold performance will not normally exceed 30 per cent of the maximum opportunity.

Performance Share Plan (PSP)	
Purpose and link to strategy	To align the interests of Executive Directors and shareholders. To incentivise the achievement of longer-term profitability and returns to shareholders, and growth of earnings in a stable and sustainable manner.
Operation	Awards of nil-cost options (or equivalent) which are granted on a discretionary basis and will normally vest subject to performance and continued employment at the end of a performance period of at least three years. PSP shares will normally be subject to a two-year holding period following vesting. The shares held during the holding period will include the right to receive dividend equivalents in respect of dividends paid over the period from the end of the performance period to the date on which the Executive Director is first able to acquire shares pursuant to the award, calculated on such basis as the Committee determines. The Committee reviews the performance criteria, targets and weightings prior to each grant in line with business priorities, to ensure they are challenging and fair. The Committee has discretion to vary the percentage of awards vesting downwards or upwards in appropriate circumstances, including if it considers that the outcome would otherwise not be a fair and complete reflection of performance over the plan cycle. Awards are subject to malus and clawback provisions, as set out in the notes to this table.
Maximum opportunity	The maximum opportunity under the plan in respect of any financial year is 200 per cent of annual base salary or 400 per cent of annual base salary in exceptional circumstances. The maximum face value of annual awards granted in respect of 2021 will be 200 per cent of salary for the CEO and 175 per cent of salary for the FD. For achievement of a threshold performance level (which is the minimum level of performance that results in any part of an award vesting), no more than 25 per cent of the award will vest.
Performance measures	Earnings per share is currently the primary measure for our Performance Share Plan, but the Committee may exercise its discretion to introduce additional or alternative measures which are aligned to the delivery of the business strategy. 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 in the Annual Remuneration Report for the relevant year.

Retirement benefits	
Purpose and link to strategy	To provide an income for retirement.
Operation	No special arrangements are made for Executive Directors, who are entitled to become members of the Group's defined contribution pension scheme, which is open to all UK employees, or the pension plan relevant to the country where they are employed if different. If the Executive Director so chooses, he/she may take some or all of the pension contribution as a cash alternative, which will be the same percentage of salary as the pension contribution foregone.
Maximum opportunity	The maximum pension contribution or allowance for Executive Directors will be in line with that available to UK employees or to participants in the pension plan relevant to the country where they are employed, if different. For UK employees this is currently 5.0 per cent of salary.
Performance measures	N/A

Other benefits	
Purpose and link to strategy	To provide a competitive level of employment benefits.
Operation	No special arrangements are generally made for Executive Directors. 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. If new benefits are introduced for a wider employee group, the Executive Directors shall be entitled to participate on the same basis as other eligible employees. If, in the opinion of the Committee, a Director must relocate to undertake and properly fulfil his/her executive duties, relocation benefits may be provided, which may include a cash payment to cover reasonable expenses.
Maximum opportunity	There is no maximum level of benefits provided to an individual Executive Director, 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. Participation by Executive Directors in any all-employee share plan operated by the Company, is limited to the maximum award levels permitted by the plan rules from time to time and, in the case of any UK tax qualifying plan, the limits prescribed by the relevant tax legislation.
Performance measures	N/A

Chairman and Non-Executive Director fees	
Purpose and link to strategy	To ensure that the Group is able to attract and retain experienced and skilled Non-Executive Directors.
Operation	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 own remuneration. Fee levels may be reviewed annually. They may also be increased on an ongoing or temporary basis, to take into account changes in the working of the Board. 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 Board Committees and for the additional responsibility of being the Senior Independent Director and may also be paid to reflect additional time commitments and responsibilities. Fees are normally paid in cash. Travel expenses, hotel costs and other benefits related to the performance of the role, including any tax due, are also paid where necessary. 2021 fee levels for the incumbents are as follows: Non-Executive Chairman: £214,200 Non-Executive Director base fee: £56,100 Founder Non-Executive Director base fee: £51,000 Supplementary fees: Senior Independent Director: £8,150 Audit Committee Chair: £18,350 Remuneration Committee Chair: £10,200
Maximum opportunity	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. Maximum in line with the Company's Articles of Association.
Performance measures	N/A

Share ownership guidelines	
Purpose and link to strategy	To strengthen alignment between Executives and shareholders.
Operation	Levels are set in relation to annual base salary, and are normally required to be built over a five-year period. The Committee retains discretion to extend this period on an individual basis, if it believes that it is fair and reasonable to do so. Options which have vested unconditionally, but are as yet unexercised, and shares subject to deferred bonus awards and PSP awards which are in the holding period but which are no longer subject to performance conditions, will be included on a net of tax basis, for the purposes of calculating shareholdings, as will shares held by an Executive's spouse or dependents. Post-cessation of employment, Executive Directors are also expected to remain aligned with the interests of shareholders for an extended period after leaving the Company, other than in exceptional circumstances. Details of the application of this policy are set out in the Annual Report on Remuneration. The Committee will regularly review the minimum shareholding guidelines.
Maximum opportunity	There is no maximum, but minimum levels have been set at 200 per cent of base salary for both the current CEO and FD. Non-Executive Directors are not required to hold shares in the Company. Executive Directors who have not yet met their shareholding requirement will be expected to retain at least 50 per cent of any deferred bonus awards and PSP awards which vest (net of tax) until such time as this level of holding is met.
Performance measures	N/A

Malus and clawback

Malus and clawback provisions apply to the annual bonus and Performance Share Plan. For awards paid or granted in respect of 2020 onwards, the provisions are set out below.

Malus and/or clawback may apply to annual bonus awards, including deferred awards for a period of two years and to Performance Share Plan awards in the period up to the fifth anniversary of grant, in the event of:

- a material misstatement of results;
- gross or serious misconduct;
- an error or misstatement which has resulted in a material overpayment to the participants;
- a significant failure of risk management within the Company or any Group Member;
- significant reputational damage to the Company or any Group Member;
- the participant leaving in circumstances which, had all the facts been known, would have resulted in the award lapsing; or
- any other circumstances that the Committee, in its discretion, considers to be similar in nature or effect to those above.

The malus and clawback provisions that apply to awards prior to the dates set out above are in line with the relevant policy in force at the time the awards were made.

Explanation of performance measures

The performance measures in respect of variable remuneration outlined within the Policy are based on a combination of financial and strategic measures, with an emphasis on the financial performance of the Group, and therefore to the value that the business delivers to its shareholders. The Company is committed to long-term earnings per share growth through increased profitability and prudent use of cash generation, with a services-led strategy. This commitment is reflected in the measures used to motivate and incentivise our management team through the annual bonus and PSP.

The Committee reviews potential performance criteria and targets for the annual bonus and PSP annually, resulting in the performance criteria structure outlined in the Policy. The measures for 2021 are outlined on page 116.

Performance conditions applying to any award may be amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy.

Remuneration arrangements across the Group

When setting Executive remuneration, consideration is given to pay policies and employment conditions of employees of the Company and elsewhere in the Group.

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

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

Consistent with the policy for Executive Directors, where annual bonuses are in place across the Group, they are linked to business performance with a focus on underlying Group or divisional profit and other relevant metrics.

Whilst only Executive Directors and senior executives participate in the PSP, other employees can participate in the Company's all-employee share schemes, which are designed to incentivise participants to build a shareholding in the Company, thus aligning their interests with those of the Company's shareholders. 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.

In line with local country practices, all employees are encouraged to contribute appropriate savings toward their retirement. In the UK, the Company operates pension arrangements within the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.

Whilst the Company does not feel it appropriate to consult directly with employees when drawing up the Directors' Remuneration Policy, the Committee has considered any feedback received via employee engagement surveys and from the regular meetings the CEO and Chief People Officer conduct with staff representative bodies in each of our major geographies.

The Remuneration Committee Chair, Ros Rivaz, was appointed as the Designated Non-Executive Director on 9 November 2017 to facilitate engagement with the wider workforce, to assist the Board in understanding the views of Computacenter's employees. During 2020, this involved attending Works Council meetings and other employee events, virtually, and feeding back the views raised by employees to the Board. Whilst Executive pay has not been a specific topic in these discussions, these events have provided a valuable opportunity for employees to share their views freely on a range of topics and Ros welcomed questions on a broad range of topics including Executive remuneration and how the Company measures success. Further information on the role and the activities of the Designated Non-Executive Director is on page 98.

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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 Group including, but not limited to, base salary, pension, annual performance-related bonuses and PSP 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 investors.computacenter.com.

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.

Current members	Role	Attendance record
1. Ros Rivaz	Senior Independent Director	4/4
2. Peter Ryan	Non-Executive Chairman of the Board	4/4
3. Rene Haas	Non-Executive Director	4/4
4. Ljiljana Mitic	Non-Executive Director	4/4
5. Minnow Powell	Non-Executive Director	4/4

The CEO attends meetings by invitation, as does the Chief People Officer. The Company Secretary is the secretary to the Committee.

The principal advisor to the Committee is Deloitte LLP (Deloitte), which was selected by the Committee in September 2016 by way of a tender process. Minnow Powell receives a pension from Deloitte and, as such, recused himself from all discussions relating to the appointment of Deloitte.

The total fees paid to Deloitte in relation to advice to the Committee in 2020 were £50,250 (2019: £68,900). The Committee considers the advice that it receives from Deloitte LLP to be independent. During the year, Deloitte also provided consulting, tax and share plan advice to the Company. Deloitte is a founding member of the Remuneration Consultants Group and, as such, voluntarily adheres to its Code of Conduct.

Audited information

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

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Single Figure of Total Remuneration

The total amount paid by the Company to each of the Directors, in respect of the financial years ended 31 December 2020 and 2019, is set out in the table below. The Company announced on 6 April 2020 that Mike Norris, Chief Executive Officer, and Tony Conophy, Group Finance Director, had elected to reduce their base salary to zero from 1 April 2020 until 30 June 2020, showing solidarity with staff that had been furloughed across the business. Accordingly, the salary component of the single figure of total remuneration for 2020 shown below reflects that reduction.

Year ended 31 December 2020

	Salary or fees £'000	Benefits £'000	Pension £'000	Total Fixed Pay £'000	Annual bonus £'000	PSP awards £'000	Total Variable Pay £'000	Total £'000
Executive								
Mike Norris	**421.5[1]**	**19.3[2]**	**24.7**	**465.5**	**674.4**	**1,451.8[4]**	**2,126.2**	**2,591.7**
Tony Conophy	**273.0[1]**	**15.7[3]**	**16.0**	**304.7**	**342.2**	**822.7[4]**	**1,164.9**	**1,469.6**
Non-Executive								
Peter Ryan[6]	**210.0**	–	–	**210.0**	–	–	–	**210.0**
Rene Haas[7]	**55.0**	–	–	**55.0**	–	–	–	**55.0**
Philip Hulme[8]	**12.5**	–	–	**12.5**	–	–	–	**12.5**
Ljiljana Mitic[10]	**55.0**	–	–	**55.0**	–	–	–	**55.0**
Peter Ogden[8]	**12.5**	–	–	**12.5**	–	–	–	**12.5**
Minnow Powell	**73.0**	–	–	**73.0**	–	–	–	**73.0**
Ros Rivaz	**73.0**	–	–	**73.0**	–	–	–	**73.0**
Total (£'000)	**1,185.5**	**35.0**	**40.7**	**1,261.2**	**1,016.6**	**2,274.5**	**3,291.1**	**4,552.3**

Year ended 31 December 2019

	Salary or fees £'000	Benefits £'000	Pension £'000	Total Fixed Pay £'000	Annual bonus £'000	PSP awards £'000	Total Variable Pay £'000	Total £'000
Executive								
Mike Norris	550.8	29.4[2]	24.2	604.4	636.9	1,150.1[5]	1,787.0	2,391.4
Tony Conophy	357.0	16.7[3]	15.7	389.4	328.4	651.7[5]	980.1	1,369.5
Non-Executive								
Peter Ryan[6]	150.3	–	–	150.3	–	–	–	150.3
Rene Haas[7]	20.2	–	–	20.2	–	–	–	20.2
Philip Hulme[8]	50.0	–	–	50.0	–	–	–	50.0
Greg Lock[9]	73.5	–	–	73.5	–	–	–	73.5
Ljiljana Mitic[10]	34.5	–	–	34.5	–	–	–	34.5
Peter Ogden[8]	50.0	–	–	50.0	–	–	–	50.0
Minnow Powell	70.4	–	–	70.4	–	–	–	70.4
Ros Rivaz	70.4	–	–	70.4	–	–	–	70.4
Regine Stachelhaus[11]	18.8	–	–	18.8	–	–	–	18.8
Total (£'000)	1,445.9	46.1	39.9	1,531.9	965.3	1,801.8	2,767.1	4,299.0

1. The salary figure for Mike Norris and Tony Conophy reflects the voluntary reduction to zero for the period 1 April 2020 until 30 June 2020 as described further below. Note that other elements of remuneration, namely benefits, pension, annual bonus and PSP awards continued to be calculated by reference to the salaries the Directors were eligible for in 2020, being £562,000 and £364,000 for Mike Norris and Tony Conophy respectively.
2. The benefits figure represents the taxable benefit arising from the provision of a driver service and other travel-related benefits for Mike Norris.
3. The benefits figure represents the taxable benefit arising from cash allowances paid in lieu of the provision of company car and other travel-related benefits for Tony Conophy.
4. This relates to the 2018 PSP awards which will be paid out in March 2021 and had a performance period of 1 January 2018 to 31 December 2020. The relevant performance criteria were partially achieved and therefore 70.00 per cent of the award vested for each of the Executive Directors. This calculation is based upon the average value of Computacenter plc shares over the last quarter of 2020 being £23.36. The PSP value attributable to share price growth since the awards were granted is £717,000 and £406,000 for the CEO and FD respectively. The Committee did not exercise its discretion to change the value of awards vesting based on the share price appreciation or depreciation during the period.
5. The value of the 2017 PSP awards have been updated to reflect the actual share price at vesting on 23 March 2020 of £9.99.
6. Peter Ryan was appointed to the role of Chairman on 16 May 2019.
7. Rene Haas was appointed to the Board on 20 August 2019.
8. The Company announced on 6 April 2020 that Philip Hulme and Peter Ogden waived their basic fees due to them as Founder Non-Executive Directors from 1 April 2020 until 31 December 2020 showing solidarity with staff that had been furloughed across the business.
9. Greg Lock stepped down from the Board on 16 May 2019.
10. Ljiljana Mitic was appointed to the Board on 16 May 2019.
11. Regine Stachelhaus stepped down from the Board on 16 May 2019 and was paid in euros prior to that date.

Remuneration paid in 2020: Executive Directors

2020 base salary

The annual salaries of the Executive Directors were increased by 2.0 per cent in 2020 to £562,000 for the CEO and £364,000 for the FD.

The Company announced on 6 April 2020 that Mike Norris, CEO, and Tony Conophy, FD, had elected to reduce their base salary to zero from 1 April 2020 until 30 June 2020, showing solidarity with staff that had been furloughed across the business. As the extent of the Group's performance and resilience through the second quarter became known, the Company made no further claim on the UK Job Retention Scheme following the first monthly claim made for April 2020, and has subsequently repaid the sums received from the UK Government for April. Note that other elements of remuneration, namely benefits, pension, annual bonus and PSP awards continued to be calculated by reference to the salaries the Directors were eligible for in 2020, as set out above.

2020 annual bonus

The Maximum Bonus Opportunity in 2020 was 125 per cent of base salary for the CEO and 100 per cent of base salary for the FD. Half of the bonus will be deferred into Computacenter shares, with half payable after one year and half payable after two years.

The 2020 annual bonus opportunity was driven by the financial performance of the business and individual targets for each Director. For the year ended 31 December 2020, 80 per cent of this award was conditional on the achievement of criteria linked to the financial performance of the Group. These targets were set by the Committee with reference to the Group's strategic and financial plans, as approved by the Board of Directors. The non-financial personal objectives set for the Executive Directors were based principally on delivery against the Group's Strategic Priorities, integration of acquisitions and certain people-related objectives, including progress on diversity and inclusion.

The Committee considered the formulaic outturns in the context of the current external environment, wider Company and individual performance, the shareholder experience, the customer experience and the treatment of employees throughout the rest of the Group. The Committee was mindful of the cancellation of the 2019 dividend and limited use of furlough in the year. However, this was counterbalanced by a number of factors including: the repayment of sums received from the UK Government for April; the payment of enhanced rates and at the Group's expense for the UK employees that continued to be supported on furlough; the resumption of our dividend during the year; the substantial reduction in salary taken by the Executive Directors during the year; and the strong performance delivered by the business.

Taking all of the above into account, the Committee considers that the annual bonus outcomes are a fair reflection of individual and Group performance in the year. As such, the Committee has not exercised its discretion to adjust the awards.

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The table below sets out details of the annual bonus criteria which applied for the Executive Directors for 2020 and performance delivered:

	As a percentage of Maximum Bonus Opportunity	Performance required				Actual % achieved		Payout £'000	
		Threshold	Target	Stretch	Maximum				
Measure						CEO	FD	CEO	FD
Financial criteria									
Profit before tax (£m)	**50%**	146.8	152.7	158.7	166.6	**195.3[1]**		**351.3**	**182.0**
Percentage payout		10%	20%	35%	50%	**50%**			
Services contribution growth (£m)	**10%**	249.2	263.0	276.8	276.8	**288.3**		**70.3**	**36.4**
Percentage payout		5%	7.5%	10%	10%	**10%**			
Cash balance (£m)	**10%**	95.6	111.5	127.4	127.4	**202.9**		**70.3**	**36.4**
Percentage payout		5%	7.5%	10%	10%	**10%**			
Costs 2020 (%)	**5%**	30.1%	30.25%	30.4%	30.4%	**37.4%[2]**		**35.1**	**18.2**
Percentage payout		3%	4%	5%	5%	**5%**			
Costs 2021 (%)	**5%**	30.4%	30.7%	31.0%	31.0%	**35.1%[3]**		**35.1**	**18.2**
Percentage payout		3%	4%	5%	5%	**5%**			
Non-financial criteria									
Personal objectives	**20%**	0%	7.5%	15%	20%	**16%**	**14%**	**112.3**	**51.0**
Total	**100%**	26.0%	50.5%	80.0%	100%	**96.0%**	**94.0%**	**674.4**	**342.2**

1. Profit before tax represents Group adjusted[1] profit before tax on a currency adjusted basis excluding the results of the entities acquired during the year.
2. The measure represents the actual percentage of gross profit retained as adjusted[1] operating profit, after costs, within the core UK, German and French geographies for 2020.
3. The measure represents the targeted percentage of gross profit to be retained as adjusted[1] operating profit, after costs, within the core UK, German and French geographies for 2021, in accordance with longer-term cost reduction, and margin improvement, objectives.

The personal objectives for the Executive Directors are subject to a profit performance underpin and are related to the following:

Objectives	Progress in the year
CEO	
Drive gender diversity in senior levels across the Group	Gender diversity has improved at all levels in Computacenter during 2020, with particular emphasis on senior levels. During 2020 we improved our gender diversity at senior levels, making progress towards our goals despite the static nature of recruitment as a result of the pandemic.
Develop the senior Management team with emphasis on succession planning	Succession plans are in place for the senior Management team, along with an alternative organisation structure in the event of an unplanned change. Leadership development training has been delivered remotely to a number of the senior team across the business.
Focus on driving growth	New business wins were challenged due to the environment. However, we have grown our customer base this year both organically and through acquisition. The growth of existing clients has been seen predominantly in the larger clients and in particular Public Sector. Revenue grew 6.6 per cent on a constant currency[2] basis from £5.1 billion to £5.4 billion.
Reduce complexity and increase speed and agility in execution	Management is driving organisational changes to reduce complexity. The overhead cost base in Services decreased, as did similar cost metrics in sales and business services. Overall EBIT retained as a percentage of contribution, product EBIT margins and Services EBIT margins all increased on the prior year. There are also a number of significant programmes underway to replace various systems with one unified global platform that reduces IT support complexity, while driving commonality of approach across the sales teams in our various geographies.
Develop the US business	Progress has been made in implementing Group systems in the US. However, full deployment has been slowed as a result of travel restrictions. The US EBIT result was in line with target for the year, with the US Managed Services business exceeding expectations in margin performance. The Pivot acquisition creates a significant combined North America footprint, from which to grow further.

Objectives	Progress in the year
FD	
Improve US cash management and collection processes, in line with Group models	Improvements have been made to processes and targets have been tracked through 2020. Inventory holding for major clients will continue to be a focus.
Drive the implementation of Group systems in the US	Progress has been made in implementing Group systems in the US. However, full deployment has been slowed as a result of travel restrictions.
Provide governance for the commercial bid management process	Governance is delivered through global bid review boards to ensure commercial oversight and good progress has been made, as demonstrated by the fact that contracts are operating to planned outcomes.
Develop and implement the formal climate change response, to include reporting	In 2020 we established a Climate Committee, chaired by our FD. This committee is focused on driving change, debating and implementing initiatives to reduce our Carbon footprint across the Group. We continue our commitment to renewable energy, both in generation through photovoltaic systems, but also major green energy purchases, in both our German and UK operations. These measures culminate in both significant reduced usage and CO_2 emissions. Our wider environmental plan is focusing on a collection of measures, from reduced car emissions and elimination of single use plastics to reduced business travel.
Grow the customer financial and leasing capability across the Group	This has been a major success in 2020, generating improved margin returns, and we now have implemented a portal-based lease accounting system for customers, to improve reporting to them.

PSP

The PSP awards granted to Executive Directors with a performance period ending on 31 December 2020 vested at 70.00 per cent, pursuant to the 2018 PSP Scheme, as the relevant performance criteria threshold was partially achieved. The vested awards are subject to a two-year holding period before release to the Executive Directors.

Vesting of these awards to each Executive Director was dependent upon the achievement of the following performance measures over a three-year period:

The compound annual growth rate of the Group's adjusted[1] diluted earnings per share (EPS) – 70 per cent weighting

Performance level*	Adjusted[1] diluted EPS growth CAGR
Maximum (100 per cent vesting)	12.5%
In line with expectations (50 per cent vesting)	8.33%
Threshold (10 per cent vesting)	5%

* Vesting occurs on a straight-line basis in between these thresholds.

The growth in adjusted[1] diluted EPS during the period 1 January 2018 to 31 December 2020 was 24.33 per cent per annum. This resulted in 100 per cent of this element vesting. The EPS number used for the base year of this award (i.e. EPS in 2017) is consistent with the EPS number that was used to calculate the vesting of the 2015–2017 PSP.

Services revenue growth – 30 per cent weighting (measured on a constant currency[2] basis)

Performance level*	Services revenue growth CAGR
Maximum (100 per cent vesting)	7.5%
In line with expectations (50 per cent vesting)	5.5%
Threshold (25 per cent vesting)	3.5%

* Vesting occurs on a straight-line basis in between these thresholds.

The Services revenue growth was 2.56 per cent, resulting in nil per cent of this element vesting.

Remuneration awards granted in 2020: Executive Directors

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Share scheme interests awarded during the year

The table below details awards made during 2020 under the PSP scheme. The performance conditions for these awards are set out in more detail below. Any awards that vest will be subject to a two-year holding period.

	Scheme/type of award	Number of shares	Face value at time of grant	Performance conditions applied	Amount vesting related to threshold of performance: Threshold performance (% of face value)	Maximum performance (% of face value)	Performance period set
CEO	PSP – nil cost option	110,977	£1,102,002[1]	Compound growth of Company EPS (70%)	10%	100%	Three financial years from 1 January 2020
				Compound growth of Services revenue (30%)	25%	100%	
FD	PSP – nil cost option	62,915	£624,746[1]	Compound growth of Company EPS (70%)	10%	100%	Three financial years from 1 January 2020
				Compound growth of Services revenue (30%)	25%	100%	

1. This is based on the average mid-market share price of Computacenter plc on the three immediately preceding business days from grant, being £9.93.

The Committee is mindful of the concept of 'windfall' gains and will assess this at the point of vesting, alongside an assessment of wider Group and individual performance, the shareholder experience, and wider stakeholder experience.

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

The compound annual growth rate of the Group's adjusted[1] diluted earnings per share (EPS) (70 per cent weighting)	
Performance level*	**Adjusted[1] diluted EPS growth CAGR**
Maximum	12.5%
In line with expectations	8.33%
Threshold	5.0%

* Vesting occurs on a straight-line basis in between these thresholds.

The compound annual growth rate of the Group's Services Revenue (GSR) (30 per cent weighting) measured on a constant currency[2] basis	
Performance level*	**Services revenue growth CAGR**
Maximum	7.5%
In line with expectations	5.5%
Threshold	3.5%

* Vesting occurs on a straight-line basis in between these thresholds.

The table below details awards made during 2020 under the Deferred Bonus Plan (DBP) scheme.

	Scheme/type of award	Number of shares	Face value	Vesting date
CEO	DBP[2] – Conditional Share	32,068	£318,435[1]	50% – 21 March 2021 50% – 21 March 2022
FD	DBP[2] – Conditional Share	16,538	£164,222[1]	50% – 21 March 2021 50% – 21 March 2022

1. This is based on the average mid-market share price of Computacenter plc on the three immediately preceding business days from grant, being £9.93.
2. These are not subject to any other performance conditions.

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Executive Director outstanding Share Awards as at 31 December 2020

Directors' interests in Share Schemes

	Schemes	Note	Exercise/ share price	Exercise period	At 1 January 2020	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2020
Mike Norris	Sharesave*	1	524.0p	01/12/19 – 31/05/20	**5,782**	–	5,782	–	**–**
	Sharesave*	1	1011.0p	01/12/24 – 31/05/25	**2,967**	–	–	–	**2,967**
	PSP	2,3	Nil	22/03/20 – 21/03/27	**142,566**	–	115,164	27,402	**–**
	PSP	3	Nil	21/03/23 – 20/03/28	**88,782**	–	–	–	**88,782**
	PSP	3	Nil	21/03/24 – 20/03/29	**90,604**	–	–	–	**90,604**
	PSP	3	Nil	23/03/25 – 22/03/30	**–**	110,977	–	–	**110,977**
	DBP	4	Nil	21/03/19 – 21/03/20	**12,811**	–	12,811	–	**–**
	DBP	4	Nil	21/03/20 – 21/03/21	**23,396**	–	11,698	–	**11,698**
	DBP	4	Nil	21/03/21 – 21/03/22	**–**	32,068	–	–	**32,068**
Tony Conophy	Sharesave*	1	1054.0p	01/12/23 – 31/05/24	**2,846**	–	–	–	**2,846**
	PSP	2,3	Nil	22/03/20 – 21/03/27	**80,788**	–	–	15,528	**65,260**
	PSP	3	Nil	21/03/23 – 20/03/28	**50,310**	–	–	–	**50,310**
	PSP	3	Nil	21/03/24 – 20/03/29	**51,384**	–	–	–	**51,384**
	PSP	3	Nil	23/03/25 – 22/03/30	**–**	62,915	–	–	**62,915**
	DBP	4	Nil	21/03/19 – 21/03/20	**6,530**	–	6,530	–	**–**
	DBP	4	Nil	21/03/20 – 21/03/21	**12,865**	–	6,432	–	**6,433**
	DBP	4	Nil	21/03/21 – 21/03/22	**–**	16,538	–	–	**16,538**

1. Issued under the Rules of the Computacenter 2018 Sharesave Plan, 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. These awards vested during the year at 80.78 per cent, and accordingly 19.22 per cent of the shares under award lapsed.
3. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 19 May 2015, or as amended at the AGM held on 18 May 2018.
   (a) In respect of 70 per cent of the total award: 10 per cent of this portion of the award will vest if the compound annual EPS growth over the Performance Period equals 5 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 5 per cent and 8.33 per cent, this portion of the award will vest on a straight-line basis up to one-half. This portion of the award will vest in full if the compound annual EPS growth equals or exceeds 12.5 per cent per annum, with straight-line vesting between 50 per cent and 100 per cent.
   (b) In respect of 30 per cent of the total award: the award will start to vest if the compound annual Services revenue growth rate over the Performance Period equals 3.5 per cent. If the compound annual Services revenue growth rate over the Performance Period is 7.5 per cent, this portion of the award will vest in full. If the compound annual Services revenue growth rate over the period is between 3.5 per cent and 7.5 per cent, then this portion of the award will vest on a straight-line basis between 25 per cent and 100 per cent.
   PSP awards from 2018 onwards are subject to the two-year holding period.
4. Conditional shares issued under the terms of the Computacenter 2017 Deferred Bonus Plan. Awards vest in equal tranches on the first and second anniversary of the grant date.

* 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 performance conditions attached.

Director gains

PSP

Director	Date of vesting	Scheme	Number of shares	Exercise price	Market price at exercise	Notional gain made
Mike Norris	21/03/2020	PSP	115,164	Nil	£9.99	£1,150,120
Tony Conophy	21/03/2020	PSP	65,260	Nil	£9.99	£651,739

The closing market price of ordinary shares at 31 December 2020 (being the last trading day of 2020) was £24.48 (31 December 2019: £17.73).

The highest price during the year was £25.38 and the lowest was £9.35.

Minimum shareholding requirements

In accordance with the Group's minimum shareholding guidelines, the CEO is required to build up a shareholding that is equal to 200 per cent of his/her gross salary. In respect of the FD, the threshold that is expected to be achieved is 200 per cent of his/her gross salary. It is also expected that the Executive Director will achieve these levels within five years of appointment. For the purposes of these requirements, deferred bonuses, shares subjected to the holding period and 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.

In addition, when an Executive Director steps down from the Board they will be expected to retain an interest in Computacenter shares based on their in-employment share ownership guideline (or actual shareholding at the date of stepping down from the Board if lower) for a period of two years. This policy will be supported by the use of nominee accounts.

The Committee has the discretion to disapply or reduce this requirement in extenuating circumstances, for example in compassionate circumstances.

Both the CEO and the FD substantially exceed their shareholding requirement.

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Directors' shareholdings

The beneficial interest of each of the Directors in the shares of the Company, as at 31 December 2020, is as follows:

Current Directors	Number of shares in the Company as at 31 December 2020	Percentage of requirement achieved	Interests in shares			
			SAYE	PSP	DBP	Total
Mike Norris	**1,119,504**	2,438%[3]	2,967[1]	290,363[2]	43,766[1]	1,456,600
Tony Conophy	**1,858,812**	6,251%[3]	2,846[1]	229,869[2,4]	22,971[1]	2,114,498
Peter Ryan	**900**	n/a	–	–	–	900
Rene Haas	**–**	n/a	–	–	–	–
Philip Hulme	**9,361,695**	n/a	–	–	–	9,361,695
Ljiljana Mitic	**–**	n/a	–	–	–	–
Peter Ogden	**18,699,389**	n/a	–	–	–	18,699,389
Minnow Powell	**1,340**	n/a	–	–	–	1,340
Ros Rivaz	**1,382**	n/a	–	–	–	1,382

Note: There has been no grant of, or trading in, shares of the Company between 1 January 2021 and 15 March 2021 apart from Ros Rivaz who purchased 799 shares on 22 January 2021 following the release of the Company's pre-close trading update.

1. There are no conditions relating to the performance of the Company or individual for the vesting of this scheme.
2. There are performance conditions for this scheme as set out within the table on page 111.
3. Based on the Company's closing share price as at 31 December 2020, being £24.48, and the approved 2020 base salaries, excluding the impact of the election made by Mike Norris and Tony Conophy to forego their Q2 2020 salary payments as announced on 6 April 2020.
4. Includes 65,260 options that have vested but remain unexercised at 31 December 2020.

Dilution limits

Computacenter uses a mixture of both new issue and market purchase shares to satisfy the vesting of awards made under its PSP, DBP and Sharesave schemes. 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 5.0 per cent in the same period. The Company's current position against its dilution limit is under each of these thresholds. The Company regularly reviews its position against the dilution guidelines and, should there be insufficient headroom within which to grant new awards which could be satisfied by issuing new shares, the Company intends to continue its current practice of satisfying new awards with shares purchased on the market.

Payments to past Directors and payments for loss of office

There were no payments made to past Directors and no payments made for loss of office during the 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 for Executive Directors

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 2020, neither Executive Director held any outside fee-paying directorships.

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 AGM following their appointment, and which may be renewed at that point. The letters of appointment provide that should a Non-Executive Director not be re-elected at an AGM before he or she 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 14 May 2020.

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
Peter Ryan	16 May 2019	Close of the Company's Annual General Meeting in 2022	3 months
Rene Haas	20 August 2019	Close of the Company's Annual General Meeting in 2022	3 months
Philip Hulme	4 May 2019	Close of the Company's Annual General Meeting in 2022	3 months
Ljiljana Mitic	16 May 2019	Close of the Company's Annual General Meeting in 2022	3 months
Peter Ogden	4 May 2019	Close of the Company's Annual General Meeting in 2022	3 months
Minnow Powell	14 December 2020	Close of the Company's Annual General Meeting in 2024	3 months
Ros Rivaz	11 November 2019	Close of the Company's Annual General Meeting in 2022	3 months

In 2021, the Chairman will be paid a single consolidated fee of £214,200, an increase of 2.0 per cent on 2020, a rise consistent with average increases made within the wider UK workforce. The Non-Executive Directors are paid a basic fee, plus additional fees for Chairmanship of Board Committees or Senior Independent Director duties.

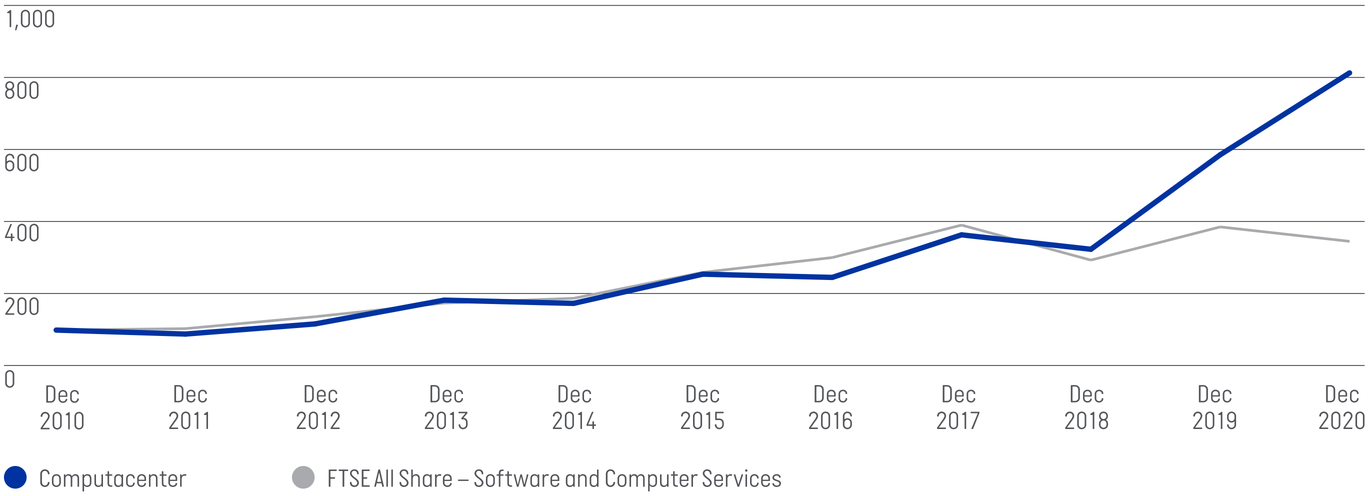
Non-Executive Directors' fees were last benchmarked in December 2020 and an increase of 2.0 per cent on 2020, a rise consistent with average increases made within the wider UK workforce, has been agreed to adjust the Non-Executive Directors' annual fees, which are set out in the table below:

Position	2020 Annual fees (£)	2021 Annual fees (£)
Independent Non-Executive Directors	55,000	56,100
Founder Non-Executive Directors	50,000	51,000
Additional fee for the Chairmanship of the Audit Committee	18,000	18,350
Additional fee for the Chairmanship of the Remuneration Committee	10,000	10,200
Additional fee for the position of Senior Independent Director	8,000	8,150

Performance of the Company

Total shareholder return performance

(Computacenter versus FTSE Software and Computer Services sector)



In this graph, TSR performance shows the value, in December 2020, of £100 invested in the Company's shares in December 2010, assuming that all dividends received between December 2010 and December 2020 were reinvested in the Company's shares (source: Datastream).

CEO pay history

The table below shows the total remuneration figure for the CEO over the previous 10 financial years. The total remuneration figure includes the annual bonus and PSP awards which vested based on performance in those years. The annual bonus and PSP percentages show the payout for each year as a percentage of the maximum.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CEO single figure of remuneration	1,878,675	1,085,300	937,300	1,506,300	2,763,900	1,807,600	2,291,500	2,081,700	2,391,409	**2,591,673**
Annual bonus payout (as a % of maximum opportunity)	63.7%	26.8%	61.2%	69.39%	84.54%	49.12%	92.35%	82.63%	92.5%	**96.0%**
Annual bonus	350,350	161,000	367,000	451,035	803,200	319,280	606,047	557,753	636,863	**674,400**
PSP vesting (as a % of maximum opportunity)	100%	58.5%	0%	35.34%	71.5%	85.13%	68.01%	65.68%	80.78%	**70.00%**
PSP vesting	997,351	385,355	–	478,679	1,384,500	891,800	1,101,400	923,699	1,150,120	**1,451,754**

Percentage change in remuneration of Board Directors and employees

The table below sets out the percentage change in the salary, benefits and annual bonus of all Executive and Non-Executive Directors compared to the average amount paid to Computacenter employees in the UK, between the year ended 31 December 2019 and 31 December 2020.

	Salary/Fee	Benefits[7]	Annual bonus
Executive			
Mike Norris	(23.47)%[1]	(34.35)%	5.89%
Tony Conophy	(23.53)%[1]	(5.99)%	4.20%
Non-Executive			
Peter Ryan	39.72%[2]	–	–
Rene Haas	172.28%[3]	–	–
Philip Hulme	(75.00)%[4]	–	–
Ljiljana Mitic	59.42%[5]	–	–
Peter Ogden	(75.00)%[4]	–	–
Minnow Powell	3.69%	–	–
Ros Rivaz	3.69%	–	–
Employees			
Computacenter UK-based employees	3.26%[6]	(10.39)%	(3.48)%[8]

1. As disclosed last year, the base salary that the Directors were eligible for was increased by 2 per cent from 1 January 2020. The percentage decrease for the CEO and Group FD reflects the voluntary temporary reduction in base salary for the year for the period 1 April 2020 until 30 June 2020.
2. Peter Ryan was appointed to the role of Chairman on 16 May 2019. The increase reflects that he was only paid the Chairman's fee for part of the prior year.
3. Rene Haas was appointed to the Board on 20 August 2019.
4. The Company announced on 6 April 2020 that Philip Hulme and Peter Ogden waived their basic fees due to them as Founder Non-Executive Directors from 1 April 2020 until 31 December 2020.
5. Ljiljana Mitic was appointed to the Board on 16 May 2019.
6. The average change in salary for UK-based employees takes account of promotions, pay reviews, changed in terms and conditions, and benchmark increases across the year, excluding Executive and Non-Executive Directors who have been reported separately above.
7. The reduction in benefits reflects reduced travel costs in the year, a lower number of employees with cars and those shifting to greener vehicles with lower benefit in kind values has had the effect of reducing the average taxable benefit spend year on year.
8. Although total bonus spend was 4 per cent higher than 2019, increasing employee numbers overall has reduced the average spend per employee by 3.48 per cent. This figure includes the one-off 'EPS bonus' as described in the Finance Directors' Statement on page 63.

On the basis that Computacenter plc (the Parent Company) does not employ any staff, the comparator group of Computacenter UK-based employees was chosen on a voluntary basis as the Committee believes it provides a sufficiently large comparator group based on a similar incentive structure to the CEO and reduces any distortion arising from currency and cost of living differences in other geographies in which the Group operates.

CEO pay ratio

The CEO pay ratio table shows the ratio of pay between the CEO of Computacenter and Computacenter's UK employees. The ratio compares the total remuneration of the CEO against the total remuneration of the median UK employee and those who sit at the 25th and 75th percentiles (lower and upper quartiles).

Computacenter's CEO pay ratios have been calculated using Option B, a continuation of approach from last year and based on the availability of data at the time the Annual Report is published. This uses the most recent gender pay data to identify the three employees that represent our 25th, 50th and 75th percentile employees. As an additional sense check the salary and total pay and benefits of a number of employees either side of these 25th, 50th and 75th employees were also reviewed with an adjustment made to ensure that the figures used were representative of an employee at these positions.

The total remuneration for these individuals has been calculated based on all components of pay for 2020, including base salary, performance-based pay, pension and benefits. The Committee considers that this now provides an outcome that is representative of the employees at these pay levels.

No adjustments were necessary this year due to working hours or start date and no elements of employee remuneration have been excluded from the pay ratio calculation.

The day by reference to which the Company determined the 25th, 50th and 75th percentile employees was 31 December 2020.

The Committee believes that the median pay ratio is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole. Computacenter's employer pension contributions, Company-paid benefits and voluntary benefit scheme options are consistent for all UK employees, including the CEO. In addition, the CEO is eligible to participate in the Company's annual bonus and Performance Share Plan, in line with other members of the senior Management team. The value of these variable pay awards is affected by performance delivered and, in the case of the Performance Share Plan, share price movement over three years.

The median pay ratio has increased in 2020. This reflects Company and share price performance, as the CEO's remuneration is heavily performance linked.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020[1]	Option B	70:1	59:1	34:1
2019[2]	Option B	76:1	51:1	36:1

1. The pay ratio movement from 2019 is impacted by the Company's announcement on 6 April 2020 that Mike Norris, CEO, and Tony Conophy, FD, had elected to reduce their base salary to zero from 1 April 2020 until 30 June 2020.
2. The 2019 ratios have been updated to reflect the actual CEO's 2019 single figure total using the share price on the date of vesting, further detail of which is set out in the notes to the Single Figure table.

2020 salary and total pay and benefits all employee figures

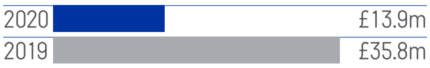
Employees	25th percentile	Median	75th percentile
Total pay and benefits	£36,862	£44,228	£75,457
Salary	£30,703	£40,923	£66,955

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

Shareholder distributions



Group adjusted[1] profit before tax*

* As well as information prescribed by current remuneration reporting regulations, Group adjusted[1] profit before tax has also been included as this is deemed to be a key performance indicator of the Group 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 2021 will be in accordance with the terms of our Directors' Remuneration Policy table, as set out on pages 100 to 104 of this report.

2021 base salaries

The base salary of the CEO and the FD will increase by 2.0 per cent to £573,000 and £371,200 respectively from 1 January 2021.

2021 annual bonus

The performance measures and weightings for the 2021 annual bonus will be as follows:

Mike Norris – CEO
(2021)

1. Group adjusted[1] profit before tax (up to 50%)
2. Services contribution growth (up to 10%)
3. Cash balance (up to 10%)
4. Cost savings (up to 10%)
5. Personal objectives (up to 20%)

Tony Conophy – FD
(2021)

1. Group adjusted[1] profit before tax (up to 50%)
2. Services contribution growth (up to 10%)
3. Cash balance (up to 10%)
4. Cost savings (up to 10%)
5. Personal objectives (up to 20%)

The measures for 2021 have been set to be challenging relative to our 2021 business plan. The targets themselves, as they relate to the 2021 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 so, and it currently anticipates including these in the Company's 2021 Annual Report and Accounts.

The maximum bonus opportunity for the Executive Directors in 2021 will be 150 per cent of base salary for the CEO and 125 per cent of base salary for the FD. The rationale for the increase in the maximum bonus opportunity is described on page 97. These awards will be subject to deferral in line with our Policy on page 100.

2021 PSP

The award levels for the Executive Directors in the 2021 financial year are 200 per cent of salary for the CEO and 175 per cent of salary for the FD. The 2021 financial year PSP awards will be subject to the same performance measures and targets as for the 2020 PSP awards as set out above. The 2021 financial year PSP awards will be subject to a two-year holding period.

Statement of voting

The results of voting on the Directors' Remuneration Report at the Company's 2020 AGM are outlined in the table below:

Votes cast in favour/discretionary		Votes cast against		Total votes cast	Votes withheld/abstentions
98,707,330	99.99%	9,401	0.01%	98,716,731	232,080

The results of voting on the Remuneration Policy at the Company's 2020 Annual General Meeting are outlined in the table below:

Votes cast in favour/discretionary		Votes cast against		Total votes cast	Votes withheld/abstentions
97,606,813	98.65%	1,339,845	1.35%	98,946,658	2,153

The Committee is grateful for the continuing support of shareholders. To ensure that this continues, the Committee will consult with shareholders on major issues where it is appropriate to do so. It will also continue to adhere to its underlying principle of decision making that Executive Directors' 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:

Ros Rivaz
Chair of the Remuneration Committee

15 March 2021

Relations with Shareholders

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

Dialogue with shareholders

The Board is informed of any substantial changes in the ownership of the Company's shares, through monthly reports from the Company's corporate brokers, Investec plc and Credit Suisse. In addition, meetings are held with major shareholders following both the Annual and Interim results. Normally, these meetings are with the CEO and FD. The Board is briefed on the outcome of these meetings and discusses any issues raised. In addition, the Board receives feedback reports from the Group's investor relations firm, Tulchan, and the corporate brokers.

Once a year, the Company's top 15 shareholders are invited to meet individually with the Chairman, Company Secretary and, on request, the Senior Independent Director, to provide feedback on the Group's Management, strategy and corporate governance arrangements, and to raise other comment. Only a few shareholders take up this opportunity. These meetings will next take place in March and April 2021, to address any areas of discussion prior to the Company's next AGM. Again, the Board will be briefed on the outcomes of these meetings. Non-Executive Directors are available to meet major shareholders at any time and can be contacted through the Company Secretary, at the Company's registered office address.

Constructive use of General Meetings

All of the Directors aim to attend the AGM and value the opportunity to welcome 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 the meetings, noted in the minutes, made available on the Company's website and notified to the market.

Annual General Meeting (AGM)

The AGM of the Company will be held on Thursday 20 May 2021 at the Company's UK and Group Headquarters at Hatfield Business Park, Hatfield Avenue, Hatfield, Hertfordshire, AL10 9TW. The AGM notice of meeting sets out each of the resolutions being proposed. This notice will shortly be available at investors.computacenter.com, and will be 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 118.

This Corporate Governance Report was approved, by order of the Board, and signed on its behalf by:

Raymond Gray
Company Secretary

15 March 2021

Directors' Report

The Directors present the Directors' Report, together with the audited accounts of Computacenter plc and its subsidiary companies (the Group) for the year ended 31 December 2020.

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

The pages from the inside front cover to 123 of this Annual Report and Accounts are incorporated by reference into the Directors' Report, which 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.

Strategic Report

The Companies Act 2006 requires the Group to prepare a Strategic Report, which commences at the start of this Annual Report and Accounts up to page 76. The Strategic Report includes information about the Group's operations and business model, particulars of all important events affecting the Company or its subsidiaries, the Group's financial performance in the year and likely future 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 77 to 117, and the reports of the Audit, Remuneration and Nomination Committees on pages 90, 96 and 86 respectively, all of which are incorporated into the Directors' Report by reference.

Management Report

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

Results and dividends

The Group's activities resulted in a profit before tax of £206.6 million (2019: £141.0 million). The Group profit for the year, attributable to shareholders, amounted to £153.8 million (2019: £101.7 million).

The Directors recommend a final dividend of 38.4 pence per share (2019: 26.9 pence per share proposed but not approved at the AGM on 14 May 2020) totalling £43.8 million (2019: £30.7 million). The dividend record date is set on Friday 4 June 2021, and the shares will be marked ex-dividend on Thursday 3 June 2021. This is in line with the normal dividend procedure timetable, as set by the London Stock Exchange.

Following the payment of an interim dividend for 2020 of 12.3 pence per share on 23 October 2020, the total dividend for 2020 will be 50.7 pence per share. The Board has consistently applied the Company's dividend policy, which states that the total dividend will be 2 to 2.5 times covered by adjusted[1] diluted earnings per share. Further detail on the Company's dividend policy can be found within the Group Finance Director's review on page 64.

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 2020 Annual Report and Accounts, as described in note 14, is only made up of the 2020 interim dividend (12.3 pence per share) as the proposed 2019 final dividend (26.9 pence per share) was not paid.

Articles of Association

The Company's Articles of Association set out the procedures for governing the Company. The Articles of Association may only be amended by a special resolution at a general meeting of the shareholders, and were last amended at the Company's AGM on 16 May 2019. A copy of the Articles of Association is available on the Company's website: investors.computacenter.com.

Directors and Directors' authority

The Directors who served during the year ended 31 December 2020 were Tony Conophy, Rene Haas, Philip Hulme, Ljiljana Mitic, Mike Norris, Peter Ogden, Minnow Powell, Ros Rivaz and Peter Ryan. Biographical details of each Director, as at 31 December 2020, are given on pages 80 and 81.

The Company's Articles of Association require that at each AGM, 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 will retire at each forthcoming AGM and offer themselves for re-election. The Nomination Committee has considered each Director who is standing for re-election 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, which summarises the skills and experience that the Directors bring to the Board.

Subject to applicable law and the Company's Articles of Association, the Directors may exercise all of the powers of the Company. The Company's Articles of Association provide for a Board of Directors consisting of between three and 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 by the Company as provided for by applicable law, in certain circumstances set out in the Company's Articles of Association, and at a general meeting of the Company, by the passing of an Ordinary Resolution (provided special notice has been given in accordance with the 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 2021 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). 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. Two resolutions allowing a limited waiver of these rights were passed by the members at last year's AGM. Members also approved a resolution giving delegated authority allowing the Company to make market purchases of its own shares, up to a maximum of 10 per cent of the Company's issued share capital, subject to certain conditions including price of purchase, amongst others. Each of these standard authorities will expire on the earlier of 30 June 2021 or the conclusion of the Company's 2021 AGM. The Directors will seek to renew each of the authorities at the 2021 AGM, and full details are provided in the Notice of AGM. As at 28 February 2021, none of these authorities approved by shareholders at the 2020 AGM had been exercised.

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 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. If appropriate, they are then considered further by the Directors who are not conflicted, who may authorise the position. The register of notifications and authorisations is reviewed by the Board twice a year. Where the Board approves an actual or potential conflict, the conflicted Director cannot participate in any discussion or decision affected by the conflict.

Directors' interests in shares

The Directors' interests in the Company's share capital, at the start and end of the reporting period, were as follows:

	As at 31 December 2020		As at 1 January 2020 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	**1,119,504**	–	1,145,630	–
Tony Conophy	**1,858,812**	–	1,851,961	–
Non-Executive Directors				
Peter Ryan	**900**	–	900	–
Rene Haas	–	–	–	–
Philip Hulme	**9,361,695**	**9,033,293**	9,411,695	8,983,293
Ljiljana Mitic	–	–	–	–
Peter Ogden	**18,699,389**	**8,103,356**	18,699,389	8,103,356
Minnow Powell	**1,340**	–	1,340	–
Ros Rivaz	**1,382**	–	1,382	–

Major interests in shares

The Company did not receive any notifications of updates to disclosable interests in its issued ordinary shares, in accordance with Disclosure and Transparency Rule 5, between 1 January 2020 and 31 December 2020.

No further interests have been disclosed to the Company between 31 December 2020 and 28 February 2021.

An updated list of the Company's major shareholders is available at investors.computacenter.com.

Capital structure and rights attaching to shares

As at 28 February 2021, there were 122,687,970 fully paid ordinary shares in issue, of which the Company held 8,546,861 ordinary shares in treasury, representing 6.97 per cent of voting rights. The total number of voting rights in the Company, which shareholders may use as the denominator when calculating if they are required to notify their interest in the Company or a change to that interest, under the Disclosure and Transparency Rules, is therefore 114,141,109.

The rights attaching to each of the Company's ordinary shares and deferred shares are set out in its Articles of Association. As at 28 February 2021, there were no deferred shares in issue.

The holders of ordinary shares are entitled, subject to applicable law and the Company's Articles of Association, to:

- have shareholder documents made available to them, including notice of any general meetings of the Company; and
- to attend, speak and exercise voting rights at general meetings of the Company, either in person or by proxy.

There are no specific restrictions on the transfer of securities in the Company, which is governed by its Articles of Association and prevailing legislation. The Company is not aware of any arrangements between shareholders which may result in restrictions on the transfer of securities or other voting rights.

Pursuant to the Company's share schemes, there are two employee benefit trusts which, as at the year end, held a total of 988,505 ordinary shares of 7⅑ pence each, representing approximately 0.8 per cent of the issued share capital. During the year, the trusts purchased a total of 843,191 shares, so they could satisfy the maturities occurring pursuant to these share option schemes. When the trusts hold shares before transferring them to participants then, in line with good practice, the Trustees do not exercise the associated voting rights. The Trustees also have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts. During 2020, no ordinary shares in the Company were issued for cash to satisfy the exercise of options.

The employee share schemes have change of control provisions that would be triggered if another entity or individual takes control of the Company. 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. Early vesting under the executive schemes will generally be on a time-apportioned basis. Under the Sharesave scheme, employees will only be able to exercise their options to the extent that their accumulated savings allow at that time.

During the period, no ordinary shares were purchased for cancellation.

Significant agreements and relationships

Details regarding the status of the Group's various borrowing facilities are provided in the Group Finance Director's review on pages 66 to 68. These agreements each include a change of control provision, which may result in the facility being withdrawn or amended upon a change of control of the Company. The Group's longer-term Services contracts may also 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.

The Company does not have any agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control on takeover, except in relation to the Company's share schemes and plans, as described above.

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Group Finance Director's review on page 68.

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, there were no options outstanding under these schemes (2019: nil).

The Company also operates a Performance Share Plan (PSP) to incentivise employees. During the year, 647,430 ordinary shares of 7⅑ pence each were conditionally awarded (2019: 504,975 shares). At the year end, awards over 1,883,164 shares remained outstanding under this scheme (2019: 1,798,533 shares). During the year, awards over 479,766 shares were transferred to participants and awards over 83,033 shares lapsed. In addition, the Company operates a Sharesave scheme for the benefit of employees. As at the year end, 3,726,208 options granted under the Sharesave scheme remained outstanding (2019: 3,964,537).

On 21 March 2020, in accordance with the rules of the Computacenter 2017 Deferred Bonus Plan, the Company granted 48,606 conditional awards over ordinary shares of 7⅑ pence each (2019: 36,261).

Corporate sustainable development and political donations

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 44 to 51, which covers matters regarding health and safety, equal opportunities, employee involvement and employee development.

During the year, the Group did not make any political donations or 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 after 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 providing a healthy environment that encourages productive and mutually respectful working relationships. Policies dealing with equal opportunities are in place in all parts of the Group, which take account of the Group's overall commitment and also address local regulatory requirements.

Employee involvement and development

The Group is committed to involving all employees in significant business issues, especially matters which affect their work and working environment. A variety of methods are used to engage with employees, including team briefings, intranet, email and in-house publications. The Group uses one or more of these channels to brief employees on the Group's performance and the financial and economic factors affecting it. Team briefings are a primary method for engaging and consulting with employees, with managers tasked with ensuring regular information sharing, discussion and feedback.

Employee consultative forums exist in each Group country, to consult staff on major issues affecting employment and matters of policy, and to enable Management to seek employees' views on a wide range of business matters. Where there are cross-jurisdictional issues to discuss, a European forum is engaged, made up of representatives from each country forum. The Senior Independent Director attends at least one meeting per year of this European forum, to engage directly with employee representatives and report a summary of this engagement to the Board.

The Group regularly reviews employees' performance through a formal review process, 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 Group's current and future needs. The Board directly monitors and closely reviews succession and plans for developing identified key senior managers.

The development of employee skills and careers, as well as the communication of the Group's goals, are driven by our Winning Together processes and tools. Annual assessments via our Winning Together processes and tools are a formal requirement of all managers.

The Group operates a Save As You Earn (SAYE) share scheme for eligible employees, who are encouraged to save a fixed monthly sum for a period of either three and/or five years. When the scheme matures, participants can purchase shares in the Company at a price set at the start of the savings period.

Further information can be found in the report on pages 44 to 51 covering employee involvement and employee development, and in the Section 172 Statement on page 57, which explains how the Board has engaged with and considered employees.

Engagement with suppliers, customers and others

The required disclosure on engagement with suppliers, customers and other stakeholders can be found in the Section 172 Statement on pages 57 to 59.

Business ethics

The Group Ethics policy commits 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 and sets out the procedures to be followed.

Going concern

The Directors' statement regarding adoption of the going concern basis of accounting in preparation of the annual Consolidated Financial Statements is set out within the Strategic Report on page 69.

Long-term Viability Statement

The Directors' statement regarding the long-term viability of the Company is set out within the Strategic Report on pages 69 to 70.

Greenhouse gas emissions

The Company is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from Group activities, and to provide details of its energy usage. Details can be found in the Strategic Report on pages 52 to 56. Further details of our environmental policies and programmes can be found on our corporate website computacenter.com.

Auditor

A resolution to reappoint KPMG LLP as auditor of the Group was approved by the Company's shareholders at the Company's 2020 AGM.

A resolution to reappoint KPMG LLP as the auditor of the Group will be put to shareholders at the forthcoming 2021 AGM.

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, each of the Directors at the date of approval of this report confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor is 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 auditor is aware of that information.

Listing rule (LR) disclosures

The information required to be disclosed by LR 9.8.4R is set out below, along with cross references indicating where the relevant information is otherwise set out in the Annual Report and Accounts:

Interest capitalised	N/A
Publication of unaudited financial information	N/A
Details of performance share plans	Details of the Company's performance share plan can be found in the Remuneration Committee Report on page 109 to 111.
Waiver of emoluments by a Director	Details of the waiver of emoluments made by Mike Norris, Chief Executive Officer, Tony Conophy, Group Finance Director, Philip Hulme, Founder Non-Executive Director, and Peter Ogden, Founder Non-Executive Director, are set out on page 96.
Waiver of future emoluments by a Director	N/A
Non pre-emptive issues of equity for cash	N/A
Non pre-emptive issues of equity for cash in relation to major subsidiary undertakings	N/A
Contracts of significance	Details of significant contracts are set out in the Group Finance Director's review on pages 65 to 68. Details of transactions with related parties are set out on page 186 in note 34 to the Consolidated Financial Statements.
Provision of services by a controlling shareholder	N/A
Shareholder waiver of dividends	The Trustees of the Company's employee share schemes have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.
Shareholder waiver of future dividends	The Trustees of the Company's employee share schemes have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.
Agreements with controlling shareholder	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'. 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 remained the case as at 31 December 2020, but will keep the matter under review.

MJ Norris
Chief Executive Officer

15 March 2021

FA Conophy
Group Finance Director

15 March 2021

Directors' Responsibilities

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law, they are required to prepare the Group Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the Parent Company Financial Statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. In addition the Group Financial Statements are required under the UK Disclosure and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('IFRSs as adopted by the EU').

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the EU;
- for the Parent Company Financial Statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting, unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company, and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and Accounts

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Annual Report from inside front cover to page 123 was approved by the Board of Directors and authorised for issue on 15 March 2021 and signed for and on behalf of the Board by:

Mike Norris
Chief Executive Officer

Tony Conophy
Group Finance Director

FINANCIAL STATEMENTS

Independent Auditor's Report
to the members of
Computacenter plc

1. Our opinion is unmodified

We have audited the financial statements of Computacenter plc ('the Company') for the year ended 31 December 2020 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement, Company balance sheet and Company statement of changes in equity, and the related notes, including the accounting policies in note 2.

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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006, including FRS 101 Reduced Disclosure Framework; 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 to the extent applicable.

Basis for opinion

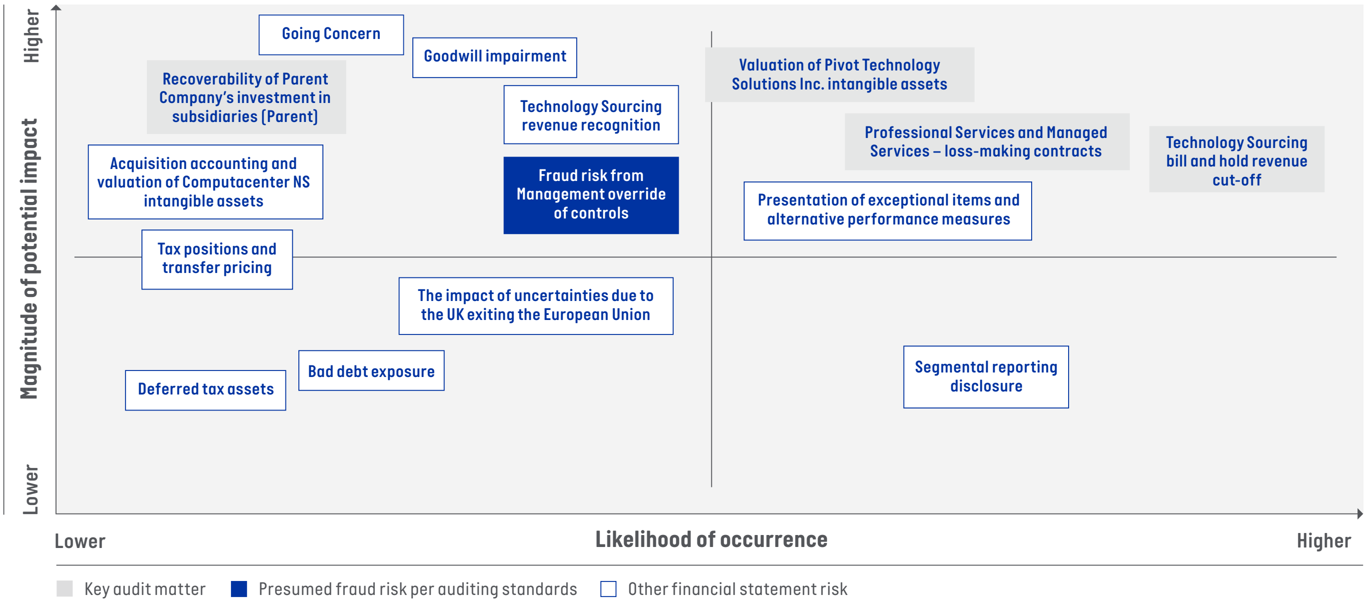
We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 19 May 2015. The period of total uninterrupted engagement is for the six financial years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole	£9.0 million (2019: £6.0 million) 4.7 per cent of normalised profit before tax (2019: 4.3 per cent of profit before tax)	
Coverage	95 per cent of normalised Group profit before tax (2019: 95 per cent of Group profit before tax)	
Key audit matters		**vs 2019**
Event driven	**New:** Valuation of intangible assets recognised on acquisition of Pivot Technology Solutions Inc.	^
Recurring risks	Professional Services and Managed Services – loss making contracts	v
	Technology Sourcing bill and hold revenue cut-off	< >
	Recoverability of Parent Company's investment in subsidiaries (Parent)	< >

2. Key audit matters: including our assessment of risks of material misstatement

When planning our audit we made an assessment of the relative significance of the key risks of material misstatement to the Group financial statements initially without taking account of the effectiveness of controls implemented by the Group. As part of our audit planning procedures, we presented and discussed our initial assessment of key risks to the Audit Committee and subsequently discussed changes to our assessment. Our final risk map is shown below. We identified four key audit matters that were expected to have the greatest effect on our audit. Throughout our audit we continually reassess the significance of each of these key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below, the key audit matters, in arriving at our audit opinion above together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.



	The risk	Our response
Valuation of Pivot Technology Solutions intangible assets (£57.1 million; 2019: £nil) Refer to page 91 (Audit Committee Report), page 143 (accounting policy) and page 165 (financial disclosures).	**Forecast-based valuation:** On 2 November 2020 Computacenter plc acquired the entire Share Capital of Pivot Technology Solutions Inc for consideration of CAD102.4 million. We identified the valuation of Pivot Technology Solutions intangibles as a risk because of the inherent complexity, estimation uncertainty, and judgements involvement in determining and applying assumptions to assess the fair value of the identified intangibles, and because of the size of the acquisition. As part of our risk assessment, we determined that the valuation of intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole.	Our procedures included: • **Our valuation expertise:** Use of our own valuation specialists to assess the appropriateness of the valuation methodology applied. • **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as revenue growth rates, customer attrition rate and discount rates. • **Historical comparisons:** Challenging the reasonableness of the assumptions, particularly revenue growth rates and customer attrition rates by assessing the historical accuracy of Pivot's ability to forecast and by comparing to previous performance of Pivot and a similar entity within the Group. • **Assessing transparency:** Assess whether the Group's disclosures about the sensitivity relating to key assumptions on the valuation of acquired intangibles are adequate. **Our findings** • We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. • We found the resulting valuation of Pivot Technology Solutions intangible assets to be balanced. We found the Group's disclosures to be proportionate in their description of the forecast uncertainty regarding valuation of Pivot Technology Solutions intangible assets.

	The risk	Our response
Professional Services and Managed Services – loss-making contracts (Revenue – £1,261.2 million; 2019: £1,230.5 million) (Onerous contract provisions – £9.6 million; 2019: £7.8 million) Refer to page 91 (Audit Committee Report), page 140 (accounting policy) and page 152 (financial disclosures).	**Subjective estimate:** The contractual arrangements that underpin the measurement and recognition of revenue by the Group can be complex, with significant estimation of future financial performance in fulfilment of the contract required. Where an onerous contract provision is required, estimation is required in assessing the level of provision, including estimated cost to complete and total contract revenue, taking into account performance and delivery risks to the end of the contract, contractual obligations, extension periods and customer negotiations. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the forecasts had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we concluded that reasonably possible changes to the forecasts would not be expected to result in a material change to the provision.	Our procedures included: Contracts were selected for substantive audit procedures based on qualitative factors, such as commercial complexity, and quantitative factors, such as financial significance and profitability that we considered to be indicative of risk. Our audit testing for the contracts selected included the following: • **Our sector expertise:** Inspecting and challenging accounting papers prepared by the Group, assessing whether key events and conditions affecting contract estimates and onerous contract provisions are complete. • **Tests of detail:** Considering contradictory evidence for future forecast costs including the risks and estimates within these forecasts by obtaining evidence through discussions with key management personnel (including project managers, commercial finance and Group finance), relevant correspondence with customers and delivery performance to date. • **Historical comparisons:** Comparing the previous contract forecasts to historic and in year performance to assess the historical accuracy of the forecasts for a sample of completed projects in the year and specifically for those contracts where an onerous contract provision is recorded. • **Assessing transparency:** Assessing the adequacy of the Group's disclosure regarding onerous contract provisions relating to Managed and Professional Services contracts. **Our findings** • We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of provision meant that detailed testing is inherently the most effective means of obtaining audit evidence. • We found the estimates in relation to onerous contract provisions to be mildly cautious (2019 finding: mildly cautious). We found the Group's disclosures to be proportionate regarding Professional Services and Managed Services – loss making contracts.
Revenue – Technology Sourcing Bill and Hold revenue cut-off (£231.3 million; 2019: £191.0 million) Refer to page 91 (Audit Committee Report), page 149 (accounting policy) and page 152 (financial disclosures).	**2020/2021 sales:** Technology Sourcing revenue includes revenues from bill and hold transactions. There is judgement required to determine if all of the criteria have been met to recognise a bill and hold sale. This gives rise to some risk that bill and hold revenue is recognised too early.	Our procedures included: • **Tests of details:** For a sample of orders selected close to year end, we inspected bill and hold agreements, evaluated the segregation and readiness of inventory, and considered if the reason for the arrangement was substantive, in order to assess whether revenue had been recognised in the appropriate period. This sample was selected on the basis of a risk-based sampling methodology combined with a statistical sample. **Our findings** • We performed the tests above rather than seeking to rely on any of the Group's/Company's controls because the small number of transactions within the risk period meant that detailed testing is inherently the most effective means of obtaining audit evidence. • In determining the treatment of Technology Sourcing bill and hold revenue cut-off there is room for judgement and we found that within that, the Group's judgement was balanced (2019: balanced).

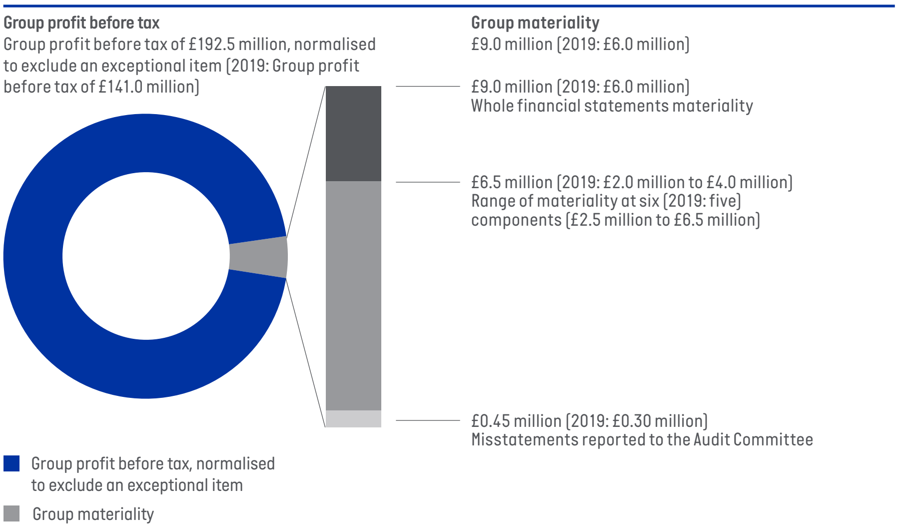
	The risk	Our response
Recoverability of Parent Company's investment in subsidiaries (£344.1 million; 2019: £334.0 million) Refer to page 93 (Audit Committee Report), page 190 (accounting policy) and page 192 (financial disclosures).	**Low risk, high value:** The carrying amount of the Parent Company's investments in subsidiaries represents 75 per cent (2019: 87 per cent) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	Our procedures included: • **Tests of detail:** Comparing the carrying amount of material investments with the relevant subsidiaries' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. • **Assessing subsidiary audits:** Assessing the work performed by the subsidiary audit teams of those subsidiaries where audits are performed and considering the results of that work on those subsidiaries' profits and net assets. • **Our sector experience:** For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the business based upon a discounted cash flow model. **Our findings** • We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of balance meant that detailed testing is inherently the most effective means of obtaining audit evidence. • We found the Group's assessment of the recoverability of the investment in subsidiaries to be balanced (2019: balanced).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £9.0 million (2019: £6.0million), determined with reference to a benchmark of Group profit before tax of £192.5 million (2019: £141.0 million) normalised for the gain on acquisition of a subsidiary disclosed on page 155, of which it represents 4.7 per cent (2019: 4.3 per cent). In addition, we applied materiality of £0.1 million (2019: £0.1 million) to related party transactions for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the company's assessment of the financial performance of the Group.

Materiality for the Parent Company financial statements as a whole was set at £2.5 million (2019: £2.0 million), determined with reference to a benchmark of Company total assets, of which it represents 0.7 per cent (2019: 0.5 per cent).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.



Performance materiality was set at 75 per cent (2019: 75 per cent) of materiality for the Group and Parent Company financial statements as a whole, which equates to £6.7 million (2019: £4.5 million) for the Group and £1.8 million (2019: £1.5 million) for the Parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.9 million (2019: £0.6 million) in respect of misstatements which relate solely to reclassifications within the balance sheet, and £0.45 million (2019: £0.30 million) in respect of all other misstatements, in addition to other identified misstatements that warranted reporting on qualitative grounds.

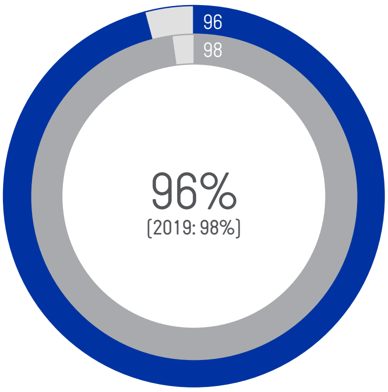
The Group operates a Shared Service Centre (SSC) in Budapest, Hungary, the outputs of which are included in the financial information of three of the five reporting components subject to full scope audit and therefore it is not a separate reporting component. Audit procedures were performed at the SSC which focus on the testing of trade receivables and trade payables transaction processing. Additional procedures are performed at certain reporting components to address the audit risks not covered by the work performed over the shared service centres.

Of the Group's 21 (2019: 19) reporting components, we subjected six (2019: five) to full scope audits for Group purposes. The components within the scope of our work accounted for the percentages illustrated below. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these. The remaining 4 per cent of total Group revenue, 5 per cent of group profit before tax and 5 per cent of total Group assets is represented by 15 reporting components, none of which individually represented more than 1 per cent of any of total Group revenue, Group profit before tax or total Group assets.

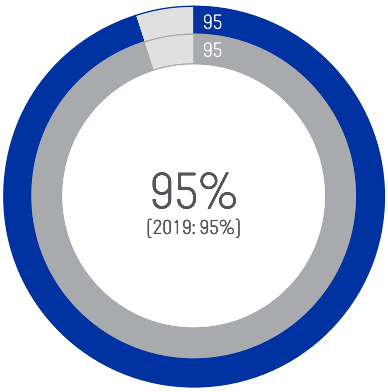
The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component's materialities, which ranged from £2.5 million to £6.5 million (2019: £2.0 million to £4.0 million), having regard to the mix of size and risk profile of the Group across the components. The work on four of the six components (2019: three of the five components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team. For the item excluded from normalised Group profit before tax, the Group team performed procedures on the excluded item.

The Group team held video calls with the four (2019: three) overseas components located in France, Germany, the US and Canada, in addition to the Shared Service Centre in Hungary (2019: France, Germany, US and Shared Service Centre in Hungary). At these meetings, the findings reported to the Group team were discussed in more detail, the audit documentation reviewed, and any further work required by the Group team was then performed by the component auditor.

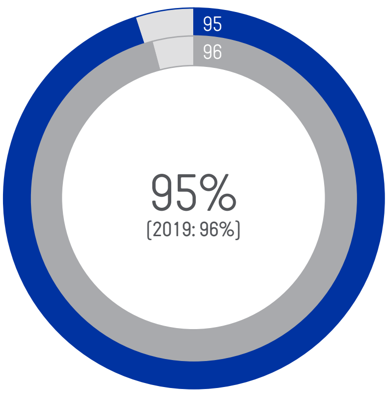
Group revenue



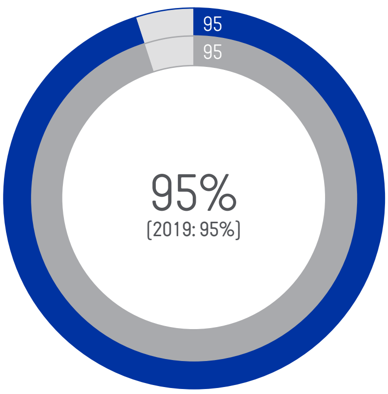
Group profit before tax



Group total assets



Group profit before exceptional items and tax



Full scope for Group audit purposes 2020 | Full scope for Group audit purposes 2019 | Residual components

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's available financial resources over this period was lower than expected trading volumes.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test). We also assessed the completeness of the going concern disclosure.

Our conclusions based on this work:
- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement on page 121 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure on page 69 to be acceptable; and
- the related statement under the Listing Rules set out on page 122 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
- Enquiring of directors, the audit committee, internal audit and other key management personnel, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes and by attending audit committee meetings.
- Reading and considering the content of remuneration incentive schemes and performance targets for management, directors, and sales staff, including the EPS target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account recent revisions to profit guidance, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Technology sourcing bill and hold sales are recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as provision for onerous service contracts.
We did not identify any additional fraud risks.

Further detail in respect of Technology Sourcing Bill and Hold sales and onerous service contracts is set out in the key audit matter disclosures in section 2 of this report.

We performed procedures including:
- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts, those with unusual descriptions, and round number adjustments to provisions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards). We also discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: export legislation, health and safety, anti-bribery, employment law, and certain aspects of company legislation, recognising the nature of the Group's activities to export IT hardware and provide global IT services. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management, and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report
Based solely on our work on the other information:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability
We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:
- the directors' confirmation within the viability statement on page 69 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on pages 69 to 70 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

6. We have nothing to report on the other information in the Annual Report continued

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in these respects.

7. We have nothing to report on the other matters on which we are required to report by exception

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.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 123, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

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 and the terms of our engagement by the Company. 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 the further matters we are required to state to them in accordance with the terms agreed with the Company, 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.

David Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
15 March 2021

Consolidated Income Statement

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4,5	**5,441,258**	5,052,779
Cost of sales		**(4,720,717)**	(4,389,665)
Gross profit		**720,541**	663,114
Administrative expenses		**(522,054)**	(516,090)
Operating profit		**198,487**	147,024
Gain on acquisition of a subsidiary	18d	**14,030**	–
Finance income	10	**475**	980
Finance costs	11	**(6,421)**	(7,046)
Profit before tax		**206,571**	140,958
Income tax expense	12	**(52,415)**	(39,397)
Profit for the year		**154,156**	101,561
Attributable to:			
Equity holders of the Parent		**153,750**	101,655
Non-controlling interests		**406**	(94)
Profit for the year		**154,156**	101,561
Earnings per share:			
– basic	13	**136.2p**	90.3p
– diluted	13	**133.8p**	89.0p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Profit for the year		**154,156**	101,561
Items that may be reclassified to the Consolidated Income Statement:			
Loss arising on cash flow hedge		**(1,894)**	(915)
Income tax effect		**369**	176
		(1,525)	(739)
Exchange differences on translation of foreign operations		**3,217**	(18,175)
		1,692	(18,914)
Items not to be reclassified to the Consolidated Income Statement:			
Remeasurement of defined benefit plan	33	**(4,329)**	(786)
Other comprehensive expense for the year, net of tax		**(2,637)**	(19,700)
Total comprehensive income for the year		**151,519**	81,861
Attributable to:			
Equity holders of the Parent		**151,113**	81,956
Non-controlling interests		**406**	(95)
Total comprehensive income for the year		**151,519**	81,861

Consolidated Balance Sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Property, plant and equipment	15	**106,974**	101,443
Right-of-use assets	15	**129,622**	110,882
Intangible assets	16	**274,732**	175,670
Investment in associate	18a	**57**	54
Deferred income tax assets	12d	**10,081**	9,204
Prepayments		**23,605**	3,520
		545,071	400,773
Current assets			
Inventories	19	**211,279**	122,189
Trade and other receivables	20	**1,095,875**	979,917
Income tax receivable		**9,978**	11,288
Prepayments		**102,745**	82,315
Accrued income	5	**125,433**	96,971
Derivative financial instruments	24	**1,643**	3,218
Cash and short-term deposits	21	**309,844**	217,881
		1,856,797	1,513,779
Total assets		**2,401,868**	1,914,552
Current liabilities			
Trade and other payables	22	**1,116,741**	975,904
Deferred income	5	**273,947**	174,258
Financial liabilities	23a	**105,475**	20,032
Lease liabilities	23b	**41,683**	36,574
Derivative financial instruments	24	**5,066**	1,707
Income tax payable		**39,158**	39,278
Provisions	26	**4,132**	7,703
		1,586,202	1,255,456
Non-current liabilities			
Financial liabilities	23a	**15,719**	60,740
Lease liabilities	23b	**95,791**	80,192
Deferred income	5	**18,630**	–
Provisions	26	**35,730**	13,982
Deferred income tax liabilities	12d	**18,873**	11,698
		184,743	166,612
Total liabilities		**1,770,945**	1,422,068
Net assets		**630,923**	492,484
Capital and reserves			
Issued share capital	29	**9,270**	9,270
Share premium	29	**3,942**	3,942
Capital redemption reserve	29	**74,957**	74,957
Own shares held	29	**(111,613)**	(113,563)
Translation and hedging reserve	29	**15,720**	14,028
Retained earnings		**635,523**	503,928
Shareholders' equity		**627,799**	492,562
Non-controlling interests	29	**3,124**	(78)
Total equity		**630,923**	492,484

Approved by the Board on 15 March 2021.

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to equity holders of the Parent								
	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Translation and hedging reserves £'000	Retained earnings £'000	Share-holder's equity £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2020	**9,270**	**3,942**	**74,957**	**(113,563)**	**14,028**	**503,928**	**492,562**	**(78)**	**492,484**
Relating to acquisition of subsidiary	–	–	–	–	–	–	–	**2,796**	**2,796**
Profit for the year	–	–	–	–	–	**153,750**	**153,750**	**406**	**154,156**
Other comprehensive income/(expense)	–	–	–	–	**1,692**	**(4,329)**	**(2,637)**	–	**(2,637)**
Total comprehensive income	–	–	–	–	**1,692**	**149,421**	**151,113**	**406**	**151,519**
Cost of share-based payments	–	–	–	–	–	**7,954**	**7,954**	–	**7,954**
Tax on share-based payments	–	–	–	–	–	**3,390**	**3,390**	–	**3,390**
Exercise of options	–	–	–	**20,901**	–	**(15,227)**	**5,674**	–	**5,674**
Purchase of own shares	–	–	–	**(18,951)**	–	–	**(18,951)**	–	**(18,951)**
Equity dividends	–	–	–	–	–	**(13,943)**	**(13,943)**	–	**(13,943)**
At 31 December 2020	**9,270**	**3,942**	**74,957**	**(111,613)**	**15,720**	**635,523**	**627,799**	**3,124**	**630,923**
At 1 January 2019	9,270	3,942	74,957	(113,474)	32,941	440,119	447,755	17	447,772
Profit for the year	–	–	–	–	–	101,655	101,655	(94)	101,561
Other comprehensive expense	–	–	–	–	(18,913)	(786)	(19,699)	(1)	(19,700)
Total comprehensive income/(expense)	–	–	–	–	(18,913)	100,869	81,956	(95)	81,861
Cost of share-based payments	–	–	–	–	–	6,775	6,775	–	6,775
Tax on share-based payments	–	–	–	–	–	1,790	1,790	–	1,790
Exercise of options	–	–	–	15,798	–	(10,071)	5,727	–	5,727
Purchase of own shares	–	–	–	(15,887)	–	–	(15,887)	–	(15,887)
Asset reunification	–	–	–	–	–	210	210	–	210
Equity dividends	–	–	–	–	–	(35,764)	(35,764)	–	(35,764)
At 31 December 2019	9,270	3,942	74,957	(113,563)	14,028	503,928	492,562	(78)	492,484

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Note	2020 £'000	2019* £'000
Operating activities			
Profit before taxation		**206,571**	140,958
Net finance cost		**5,946**	6,066
Depreciation of property, plant and equipment	15	**24,033**	21,456
Depreciation of right-of-use assets	15	**45,154**	40,266
Amortisation of intangible assets	16	**14,635**	11,543
Share-based payments		**7,954**	6,775
Loss on disposal of intangibles		**321**	116
Loss on disposal of property, plant and equipment		**200**	347
Net cash flow from inventories		**(50,448)**	(27,422)
Net cash flow from trade and other receivables (including contract assets)		**48,276**	136,682
Net cash flow from trade and other payables (including contract liabilities)		**(26,169)**	(108,799)
Gain on acquisition of a subsidiary	18d	**(14,030)**	–
Net cash flow from provisions		**1,919**	10,670
Other adjustments*		**85**	(6,142)
Cash generated from operations		**264,447**	232,516
Income taxes paid		**(27,645)**	(34,231)
Net cash flow from operating activities		**236,802**	198,285
Investing activities			
Interest received	10	**475**	980
Acquisition of subsidiaries, net of cash acquired	18	**(30,095)**	6,116
Purchases of property, plant and equipment	15	**(23,141)**	(30,132)
Purchases of intangible assets	16	**(4,360)**	(8,737)
Proceeds from disposal of property, plant and equipment		**1,652**	1,009
Net cash flow from investing activities		**(55,469)**	(30,764)
Financing activities			
Interest paid	11	**(1,942)**	(3,318)
Interest paid on lease liabilities	11	**(4,479)**	(3,728)
Dividends paid to equity shareholders of the Parent	14	**(13,943)**	(35,764)
Asset reunification		**–**	210
Proceeds from share issues		**5,674**	5,727
Purchase of own shares		**(18,951)**	(15,887)
Repayment of loans and credit facility		**(20,021)**	(51,755)
Payment of capital element of lease liabilities*	23b	**(43,200)**	(38,618)
New Borrowings – bank loan		**289**	–
Net cash flow from financing activities		**(96,573)**	(143,133)
Increase in cash and cash equivalents		**84,760**	24,388
Effect of exchange rates on cash and cash equivalents		**7,203**	(6,949)
Cash and cash equivalents at the beginning of the year	21	**217,881**	200,442
Cash and cash equivalents at the year end	21	**309,844**	217,881

* Interest paid on lease liabilities of £3.7 million was included as part of 'Payment of Capital element of lease liabilities' in the prior year. The prior year comparative has been re-presented for this amount. This has also resulted in an adjustment to 'Other adjustments' of £3.7 million.

1 Authorisation of Consolidated Financial Statements and statement of compliance with IFRS

The Consolidated Financial Statements of Computacenter plc (Parent Company or the Company) and its subsidiaries (the Group) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 15 March 2021. The Consolidated 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.

2 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year as disclosed in the 2019 Annual Report and Accounts except for IAS 20 – Accounting for government grants and disclosure of government assistance.

IAS 20 – Accounting for government grants and disclosure of government assistance

IAS 20 defines government grants as assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. If the conditions are met, then a company recognises government grants in profit or loss within administration expenses in line with its recognition of the expenses that the grants are intended to compensate.

The Group has recognised unconditional government grants relating to short-term schemes introduced by governments within Europe, including Germany, France and the Netherlands as a result of COVID-19 crisis for the purpose of protecting employment. These grants compensate the Group for expenses incurred and are recognised in the Consolidated Income Statement on a systematic basis in the periods in which the expenses are recognised.

Effective for the year ending 31 December 2021

No new standards, interpretations and amendments not yet effective are expected to have a material effect on the Group's future financial statements.

2.1 Basis of preparation

The Consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'), in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('IFRSs as adopted by the EU').

The Consolidated Financial Statements are prepared on the historical cost basis other than derivative financial instruments, which are stated at fair value.

The Consolidated Financial Statements are presented in pound sterling (£) and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

In determining whether it is appropriate to prepare the Financial Statements on a 'going concern' basis, the Group prepares a three-year Plan (the 'Plan') annually by aggregating top down expectations of business performance across the Group in the second and third year of the Plan with a detailed 12-month 'bottom-up' budget for the first year, which were approved by the Board. The Plan is subject to rigorous downside sensitivity analysis which involves flexing a number of the main assumptions underlying the forecasts within the Plan. The forecast cash flows from the Plan are aggregated with the current position, to provide a total three-year cash position against which the impact of potential risks and uncertainties can be assessed. In the absence of significant external debt, the analysis also considers access to available committed and uncommitted finance facilities, the ability to raise new finance in most foreseeable market conditions and the ability to restrict dividend payments.

The Directors have identified a period of not less than 12 months as the appropriate period for the going concern assessment and have based their assessment on the relevant forecasts from the Plan for that period.

The potential impact of the principal risks and uncertainties, as set out on pages 71 to 76 of the Strategic Report, is then applied to the Plan. This assessment includes only those risks and uncertainties that, individually or in plausible combination, would threaten the Group's business model, future performance, solvency or liquidity over the assessment period and which are considered to be severe but reasonable scenarios. It also takes into account an assessment of how the risks are managed and the effectiveness of any mitigating actions.

For the current period, the primary downside sensitivity relates to a modelled, but not predicted, severe downturn in Group revenues, beginning in 2021, due to a worsening impact on our customers from the COVID-19 crisis. This sensitivity analysis models a continued market downturn scenario for some of our customers whose businesses have been affected by COVID-19 and a similar downturn occurring for the remainder of our customer base.

Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Group. At 31 December 2020, the Group had cash and cash equivalents of £309.8 million and bank debt, primarily related to the recent North American acquisitions and the headquarters in Germany, of £121.2 million. In addition, the Group has in place a three-year committed facility of £60.0 million that was originally entered into during 2013 for a value of £40.0 million and has never been drawn upon.

The Group has a resilient balance sheet position, with net assets of £630.9 million as at 31 December 2020. The Group made a profit after tax of £154.2 million, and delivered net cash flows from operating activities of £236.8 million, for the year ended 31 December 2020.

As the analysis continues to show a strong forecast cash position, even under the severe economic conditions modelled in the sensitivity scenarios, the Directors continue to consider that the Group is well placed to manage business and financial risks in the current economic environment. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of not less than 12 months from the date of signing this Annual Report and Accounts and therefore have prepared the Financial Statements on a going concern basis.

2.2 Basis of consolidation
The Consolidated Financial Statements comprise the Financial Statements of the Parent Company 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.

2.2.1 Foreign currency translation
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 Consolidated 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 ($), South African rand (ZAR) and Swiss franc (CHF). The Group's presentation currency is pound sterling. 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 Consolidated 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 Consolidated Income Statement.

2.3 Revenue
Revenue is recognised to the extent of the amount which is expected to be received from customers as consideration for the transfer of goods and services to the customer.

In multi-element contracts with customers where more than one good (Technology Sourcing) or service (Professional Services and Managed Services) is provided to the customer, analysis is performed to determine whether the separate promises are distinct performance obligations within the context of the contract. To the extent that this is the case, the transaction price is allocated between the distinct performance obligations based upon relative standalone selling prices. The revenue is then assessed for recognition purposes based upon the nature of the activity and the terms and conditions of the associated customer contract relating to that specific distinct performance obligation.

The following specific recognition criteria must also be met before revenue is recognised:

2.3.1 Technology Sourcing
The Group supplies hardware and software (together as 'goods') to customers that are sourced from and delivered by a number of suppliers.

Technology Sourcing revenue is recognised at a point in time when control of the goods has passed to the customer, usually on delivery.

Payment for the goods is generally received on industry-standard payment terms.

2 Summary of significant accounting policies continued

Technology Sourcing principal versus agent recognition

Management assesses the classification of certain revenue contracts for Technology Sourcing revenue recognition on either an agent or principal basis.

Because the identification of the principal in a contract is not always clear, albeit the level of judgement required is low, Management make a determination by evaluating the nature of our promise to our customer as to whether it is a performance obligation to provide the specified goods or services ourselves, in that we are the principal, or to arrange for those goods or services to be provided by the other party, where we are the agent. We determine whether we are a principal or an agent for each specified good or service promised to the customer by evaluating the nature of our promise to the customer against a non-exhaustive list of indicators that a performance obligation could involve an agency relationship:

- Evaluating who controls each specified good or service before that good or service is transferred to the customer;
- The vendor retains primary responsibility for fulfilling the sale;
- We take no inventory risk before or after the goods have been ordered, during shipping or on return;
- We do not have discretion to establish pricing for the vendor's goods limiting the benefit we can receive from the sale of those goods; and
- Our consideration is in the form of a usually predetermined commission.

2.3.2 Professional Services

The Group provides skilled professionals to customers either on a 'resource on demand' basis or operating within a project framework.

For those contracts which are 'resource on demand', where the revenue is billed on a timesheet basis, revenue is recognised based on monthly invoiced amounts as this corresponds to the service delivered to the customer and the satisfaction of the Group's performance obligations.

For contracts operating within a project framework, revenue is recognised based on the transaction price with reference to the costs incurred as a proportion of the total estimated costs (percentage of completion basis) of the contract. Under either basis, Professional Services revenue is recognised over time.

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 and where the Group has an enforceable right to payment as work is being performed.

A provision for forecast excess costs over forecasted revenue is made as soon as a loss is foreseen (see note 2.12.1 for further detail).

Unbilled Professional Services revenue is classified as a contract asset and is included within accrued income in the Consolidated Balance Sheet.

Unearned Professional Services revenue is classified as a contract liability and is included within deferred income in the Consolidated Balance Sheet. Payment for the Services, which are invoiced monthly, are generally on industry standard payment terms.

2.3.3 Managed Services

The Group sells maintenance, support and management of customers' IT infrastructures and operations.

Managed Services revenue is recognised over time, throughout the term of the contract, as services are delivered. The specific performance obligations and invoicing conditions in our Managed Services contracts are typically related to the number of calls, interventions or users that we manage and therefore the customer simultaneously receives and consumes the benefits of the services as they are performed. Revenue is recognised based on monthly invoiced amounts as this corresponds to the service delivered to the customer and the satisfaction of the Group's performance obligations.

Unbilled Managed Services revenue is classified as a contract asset and is included within accrued income in the Consolidated Balance Sheet. Unearned Managed Services revenue is classified as a contract liability and is included within deferred income in the Consolidated Balance Sheet.

Amounts invoiced relating to more than one year are deferred and recognised over the relevant period. Payment for the services is generally on industry standard payment terms.

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 and where the Group has an enforceable right to payment as work is being performed. A provision for forecast excess costs over forecasted revenue is made as soon as a loss is foreseen (see note 2.12.1 for further detail). On occasion, the Group may have a limited number of Managed Services contracts where 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 (see note 3.1.1 for further detail).

Costs of obtaining and fulfilling revenue contracts
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.

When accounting for costs associated with obtaining and fulfilling customer contracts, the Group first considers whether these costs fit within a specific IFRS standard or policy. Any costs associated with obtaining or fulfilling revenue contracts which do not fall into the scope of other IFRS standards or policies are considered under IFRS 15. All such costs are expensed as incurred other than the two types of costs noted below:

1. Win fees – The Group pays 'win fees' to certain employees as bonuses for successfully obtaining customer contracts. As these are incremental costs of obtaining a customer contract, they are capitalised along with any associated payroll tax expense to the extent they are expected to be recovered. These balances are presented within prepayments in the Consolidated Balance Sheet. The win fee balance that will be realised after more than 12 months is disclosed as non-current.

2. Fulfilment costs – The Group often incurs costs upfront relating to the initial set-up phase of an outsourcing contract, which the Group refers to as Entry Into Service. These costs do not relate to a distinct performance obligation in the contract, but rather are accounted for as fulfilment costs under IFRS 15 as they are directly related to the future performance on the contract. They are therefore capitalised to the extent that they are expected to be recovered. These balances are presented within prepayments in the Consolidated Balance Sheet.

Both win fees and Entry Into Service costs are amortised on a straight-line basis over the contract term, as this is equivalent to the pattern of transfer of services to the customer over the contract term. The amortisation charges on win fees and Entry Into Service costs are recognised in the Consolidated Income Statement within administration expenses and cost of sales, respectively.

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.

2.3.4 Finance income
Income is recognised as interest accrues.

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

2.4 Exceptional items
The Group presents those material items of income and expense as exceptional items 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 years and to assess better trends in financial performance.

2.5 Adjusted[1] measures
The Group uses a number of non-Generally Accepted Accounting Practice (non-GAAP) financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, set out below, assist in providing additional useful information on the underlying trends, performance and position of the Group. The non-GAAP measures are also used to enhance the comparability of information between reporting periods by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Group's performance.

Consequently, non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with prior year.

These non-GAAP measures comprise of: adjusted operating profit or loss, adjusted profit or loss before tax, adjusted tax, adjusted profit or loss for the year, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items including gain or loss on business disposals, gain or loss on disposal of investment properties, expenses related to material acquisitions, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management do not consider these items when reviewing the underlying performance of the Segment or the Group as a whole.

A reconciliation to adjusted measures is provided on page 61 of the Group Finance Director's Review which details the impact of exceptional and other adjusting items when comparing to the non-GAAP financial measures in addition to those reported in accordance with IFRS. Further detail is also provided within note 4, Segment information.

2 Summary of significant accounting policies continued

2.6 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 (CGU) to which it belongs. Certain other corporate assets are unable to be allocated against specific CGUs. These assets are tested across an aggregation of CGUs that utilise the asset. The recoverable amount is the higher of the fair value less costs to sell and the value-in-use of the asset or CGU. 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 Consolidated 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 asset's or CGU'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 Consolidated Income Statement.

2.7 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 seven years and period to expiry of lease
- fixtures and fittings:
  - head office: five-15 years
  - other: shorter of seven years and period to expiry of lease
- office machinery and computer hardware: two-15 years
- motor vehicles: three 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 Consolidated Income Statement in the year the item is derecognised.

2.8 Leases

Group as lessee

Recognition of a lease

The contracts are assessed by the Group, to determine whether a contract is, or contains a lease. In general, arrangements are a lease when all of the following apply:
- it conveys the right to control the use of an identified asset for a certain period in exchange for consideration;
- the Group have substantially all economic benefits from the use of the asset; and
- the Group can direct the use of the identified asset.

The policy is applied to contracts entered into, or changed, on or after 1 January 2019. The Group elects to separate the non-lease components and elected to apply several practical expedients as stated above. In cases where the Group acts as an intermediate lessor, it accounts for its interests in the head-lease and the sub-lease separately.

Measurement of a right-of-use asset and lease liability

Right-of-use asset

The Group measures the right-of-use asset at cost, which includes the following:
- the initial amount of the lease liability adjusted for any lease payments made at or before 1 January 2019;
- any lease incentives received; and
- any initial direct costs incurred by the Group as well as an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lease contract. Cost for dismantling, removing or restoring the site on which it is located and/or the underlying asset is only recognised when the Group incurs an obligation to do so.

The right-of-use asset is depreciated over the lease term, using the straight-line method.

Lease liability
The lease liability is initially measured at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement comprise of fixed payments, variable lease payments that depend on an index or a rate, amounts to be paid under a residual value guarantee and lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option as well as penalties for early termination of a lease, if the Group is reasonably certain to terminate early. If there is a purchase option present, this will be included if the Group is reasonably certain to exercise the option.

Leases of low-value assets and short term
Leases of low-value assets (<£5,000) and short term with a term of 12 months or less are not required to be recognised on the Consolidated Balance Sheet and payments made in relation to these leases are recognised on a straight-line basis in the Consolidated Income Statement.

2.9 Intangible assets
2.9.1 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 a straight-line basis over the estimated useful life of the asset. 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.

2.9.2 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.

2.9.3 Other intangible assets
Intangible assets acquired as part of a business combination are carried initially at fair value. Following initial recognition intangible assets are carried at cost less accumulated amortisation and any impairment in value. 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:
- order back log: within three months
- existing customer relationships: 10-15 years
- tools and technology: seven years.

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

2.9.4 Goodwill
Business combinations are accounted for under IFRS 3 Business Combinations using the acquisition 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 Consolidated Balance Sheet as goodwill and is not amortised. Any goodwill 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 CGU monitored by Management, usually at business Segment level or statutory Company level as the case may be. Where the recoverable amount of the CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in the Consolidated Income Statement.

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

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

2 Summary of significant accounting policies continued

2.11 Financial assets

Financial assets are recognised at their fair value, which initially equates to the sum of the consideration given and the directly attributable transaction costs associated with the investment. Subsequently, the financial assets are measured at either amortised cost or fair value depending on their classification under IFRS 9. The Group currently holds only debt instruments. The classification of these debt instruments depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

2.11.1 Trade and other receivables

Trade receivables, which generally have 30 to 90-day credit terms, are initially recognised and carried at their original invoice amount less an allowance for any uncollectable amounts. The business model for trade receivables is that they are held for the collection of contractual cash flows, therefore are subsequently measured at amortised cost. The trade receivables are derecognised on receipt of cash from the customer. The Group sometimes uses debt factoring to manage liquidity and, as a result, the business model for factored trade receivables is that they are not held for the collection of contractual cash flows. As a result, subsequent to initial recognition, they are measured at fair value through other comprehensive income (except for the recognition of impairment gains and losses and foreign exchange gains and losses, which are recognised in profit or loss). Factored trade receivables are derecognised on receipt of cash from the factoring party. Given the short lives of the trade receivables, there are generally no material fair value movements between initial recognition and the derecognition of the receivable.

The Group assesses for doubtful debts (impairment) using the expected credit losses model as required by IFRS 9. For trade receivables, the Group applies the simplified approach which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

For impairment assessment of other receivables, refer to Note 2.6, Impairment of assets, which details the impairment approach adopted where an asset considered to be impaired would be written down to its recoverable amount which, given the nature of the assets, would most likely be its fair value less costs to sell.

2.11.2 Current asset investments

Current asset investments comprise deposits held for a term of greater than three months from the date of deposit and which are not available to the Group on demand. The business model for current asset investments is that they are held for the collection of contractual cash flows, which are not solely payments of principal and interest. As a result, subsequent to initial measurement, current asset investments are measured at fair value with fair value movements recognised in profit and loss.

2.11.3 Cash and cash equivalents

Cash and short-term deposits in the Consolidated Balance Sheet comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less. Cash is held for the collection of contractual cash flows which are solely payments of principal and interest and therefore is measured at amortised cost subsequent to initial recognition.

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, where there is a legal right of set off.

2.12 Financial liabilities

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

The subsequent measurement of financial liabilities is at amortised cost, unless otherwise described below:

2.12.1 Provisions (excluding restructuring provision)

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

A provision for forecast excess costs over forecasted revenue is made as soon as a loss is foreseen.

Management monitor continually the financial performance of contracts, and where there are indicators that a contract could result in a negative margin, 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 applies IAS 37 in its assessment of whether contracts are considered onerous and in subsequently estimating the provision. An agenda decision published by the IFRS Interpretations Committee outlined that the current wording of IAS 37 allows for two interpretations of what can constitute 'unavoidable' costs when determining whether a contract is onerous. One of the acceptable interpretations noted by the Committee is in line with our current practice, which is to consider costs such as overhead allocations as 'unavoidable'. The matter has been put on the agenda for future discussion at the IFRS Interpretations Committee, with a view to drafting clarifications to IAS 37. Until there is clarity on this matter, we have concluded that our current approach, that 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, remains appropriate.

2.12.2 Restructuring provisions
The Group recognises a 'restructuring' provision when there is a programme planned and controlled by Management that changes materially 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 and consulting fees. 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 and costs for employees who continue to be employed in ongoing operations, regardless of the status of these operations post-restructure.

2.12.3 Pensions and other post-employment benefits
The Group operates a defined contribution pension scheme available to all UK employees and similar schemes are operating, as appropriate for the jurisdiction, for North America and Germany. Contributions are recognised as an expense in the Consolidated Income Statement as they become payable in accordance with the rules of the scheme. There are no material pension schemes within the Group's overseas operations.

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 on 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 one month of salary after five years of 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.

Management continues to account for this obligation according to IAS 19 (revised). Refer to note 33 for further disclosure.

2.13 Derecognition of financial assets and liabilities
2.13.1 Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:
- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

2.13.2 Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

2 Summary of significant accounting policies continued

2.14 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 forecast 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 both the hedging instrument and the hedged item or transaction and then the economic relationship between the two, including whether the hedging instrument is expected to offset changes in cash flow of the hedged item. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows. The Group designates the full change in the fair value of the forward contract (including forward points) as the hedging instrument. 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, a highly probable forecast transaction, or the foreign currency risk in an unrecognised firm commitment.

Cash flow hedges that meet the 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 Consolidated Income Statement in administrative expenses.

Amounts recognised within the Consolidated Statement of Comprehensive Income are transferred to the Consolidated Income Statement, within administrative expenses, when the hedged transaction affects the Consolidated Income Statement, 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 Consolidated Income Statement within administrative expenses. If the hedging instrument matures or is sold, terminated or exercised without replacement or rollover, any cumulative gain or loss previously recognised within the Consolidated Statement of Comprehensive Income remains within the Consolidated Statement of Comprehensive Income until after the forecast transaction or firm commitment affects the Consolidated Income Statement.

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

2.15 Taxation

2.15.1 Current tax

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

2.15.2 Deferred income 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 Consolidated 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 in the future 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 Consolidated Statement of Comprehensive Income if it relates to items that are credited or charged to the Consolidated Statement of Comprehensive Income. Otherwise, income tax is recognised in the Consolidated Income Statement.

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

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 Consolidated 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 13).

The Group has an employee share trust for the granting of non-transferable options to Executive Directors and senior Management. 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 29).

2.17 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 reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

2.18 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 is 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 27.

3 Critical accounting estimates and judgements
The preparation of the Consolidated 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.

During the year, Management reconsidered the critical accounting estimates and judgements for the Group. This process included reviewing the last reporting period's disclosures, the key judgements required on the implementation of forthcoming standards and the current period's challenging accounting issues. Where Management deemed an area of accounting to be no longer a critical estimate or judgement, an explanation for this decision is found in note 3.3 to the Consolidated Financial Statements.

3.1 Critical estimates
Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future years 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:

3 Critical accounting estimates and judgements continued

3.1.1 Services revenue recognition and contract provisions

Percentage of completion revenue recognition

On occasion, the Group accounts for certain Services contracts using the percentage of completion method, recognising revenue by reference to the stage of completion of the contract which is determined by actual costs incurred as a proportion of total forecast contract costs. 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 assumptions. Under the percentage of completion method, the changes in these estimates and assumptions may lead to an increase or decrease in revenue recognised at the balance sheet date with the in-year revenue recognition appropriately adjusted as required. 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.

The key judgements are the extent to which revenue should be recognised and also, where total contract costs are not covered by total contract revenue, the extent to which an adjustment is required.

3.1.2 Accounting for business combinations and valuation of intangibles

Pivot acquisition

Business combinations are accounted for at fair value. The valuation of goodwill and acquired intangibles is calculated separately on each individual acquisition. In attributing value to intangible assets arising on acquisition, management has made certain assumptions in relation to the expected growth rates, attrition rates and the appropriate weighted average cost of capital ('WACC').

The value attributable to the intangible assets acquired on acquisitions also impacts the deferred tax provision relating to these items.

The total carrying value of acquired intangible – Customer relationship arising from Pivot acquisition amounted to $67.0 million for the USA cash generating unit (CGU) and $4.7 million for the Canada CGU.

In order to assess the impact of the key assumptions on the values disclosed in the accounts for customer relationship intangible asset, the Directors have applied the following sensitivities to the acquisitions;

Intangible asset – Customer Relationship – US CGU

Key assumption	Rate applied in the financial statements	Sensitivity tested	Value of intangible assets $'000
Long-term growth rate	2.0%	1.0%	(3,100)
WACC	11.9%	12.9%	(4,200)
Attrition rate	5.0%	7.0%	(7,900)

Growth rates are estimated based on the current conditions at the date of each acquisition with reference to inflation adjusted terms.

The attrition rates are estimated based on a review of recent historic attrition levels across the customer portfolio alongside management views on longer-term attrition expectations.

At the date of acquisition, the resulting valuation provides a reasonable approximation as to the value of the intangibles acquired and that any reasonably possible change in any one of the estimations in isolation would not have a material impact on the financial statements.

3.2 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 Consolidated Financial Statements, are as follows:

3.2.1 Exceptional items

Exceptional items remain a core focus of Management with the recent alternative performance measure regulations providing further guidance in this area.

Management is required to exercise its judgement in the classification of certain items as exceptional and outside of the Group's adjusted[1] results. The overall goal of Management is to present the Group's underlying performance without distortion from one-off or non-trading events regardless of whether they are favourable or unfavourable to the underlying result.

To achieve this, Management have considered the materiality, infrequency and nature of the various items classified as exceptional this year against the requirements and guidance provided by IAS 1, our Group accounting policies and the recent regulatory interpretations and guidance.

In reaching their conclusions, Management consider not only the effect on the overall underlying Group performance but also where an item is critical in understanding the performance of its component Segments which is of relevance to investors and analysts when assessing the Group result and its future prospects as a whole.

Further details of the individual exceptional items, and the reasons for their disclosure treatment, are set out in note 8.

3.2.2 Bill and hold

The Group generates some of its revenue through its 'bill and hold' arrangement with its customers. This arises when the customer is invoiced but the product is not shipped to the customer until a later date, in accordance with the customer's request in a written agreement. In order to determine the appropriate timing of revenue recognition, it is assessed whether control has transferred to the customer.

A bill and hold arrangement is only put in place when a customer lacks the physical space to store the product or the product previously ordered is not yet needed in accordance with the customer's schedule and the customer wants to guarantee supply of the product. In order to determine the bill and hold arrangements, the following criteria must be met:
a) the reason for the bill and hold arrangement must be substantive (for example: the customer has requested the arrangement);
b) the product must be identified separately as belonging to the customer;
c) the product currently must be ready for physical transfer to the customer; and
d) the entity cannot have the ability to use the product or to direct it to another customer.

Judgement is required to determine if all of the criteria (a) to (d) has been met to recognise a bill and hold sale. This is determined by segregation and readiness of inventory and the review and approval of all customer requests in order to assess whether the accounting policy had been correctly applied to recognise a bill and hold sale.

3.3 Change in critical estimates and critical judgements

During the year, Management reassessed the critical estimates and critical judgements. The assessment of contract provisions was removed as a critical estimate as the 'difficult' contracts that Management held under review and included within the contract provision have reduced such that Management no longer consider that the outcomes of any of these 'difficult' contracts identified and provided for as at 31 December 2020 contained assumptions that were sufficiently sensitive to affect the provision materially. Accordingly, Management has concluded that the 'difficult' contract provisions should not be included as a critical estimate, as defined under IAS 1.125 as a 'major source of estimation uncertainty.'

Accounting for business combinations and valuation of intangibles has been included as a critical estimate during the current year as the material nature of the Pivot acquisition means that a number of the estimates used in determining the value attributable to the intangible assets acquired on acquisition contain assumptions that are sensitive enough to affect the valuations materially.

4 Segment information

During the first half of the year, Management reviewed the way it reported Segmental performance to the Board and the Chief Executive Officer, who is the Group's Chief Operating Decision Maker ('CODM'). As a result, from 1 January 2020 the Group has revised where the results of certain Managed Services contracts are reported within its operating Segments. The operating Segments remain unchanged in all other respects from those reported at 31 December 2019. The change in Segmental reporting has no impact on reported Group results.

Operational responsibility for a significant European customer was transferred from the German to the French business from 1 January 2020. The French Senior Management targets now include the results from this customer. We have therefore restated the results for the French and German Segments for the year ended 31 December 2019, to assist with understanding the growth in each business and to ensure year-on-year results are comparable.

Computacenter USA performs Managed Services work for other Computacenter entities, on behalf of several key European contracts. These revenues were originally recorded in the USA Segment, where the associated underlying subsidiary recognises the revenues in its statutory accounts. However, to be consistent with practices across the Group, Management has reallocated these revenues to the UK, German, French and International Segments which have responsibility for the customer contracts. This reflects better where the portfolio coordination and operational responsibility lies and therefore where the benefits should accrue on a Segmental basis. This treatment also means that for the Segmental analysis, Computacenter USA, within the USA Segment, is now treated similarly to the remainder of our offshore internal service provider entities that are grouped within the International Segment. We have, therefore, restated the Managed Services revenues for the year ended 31 December 2019 to assist with understanding the growth in each business and to ensure year-on-year comparisons reflect true underlying growth. This has no impact on Segmental profitability, as the margins were previously shared on the same basis that the revenue now reflects. Further, with the acquisition of Pivot Technology Solutions, Inc. on 2 November 2020, which includes a material business in Canada, the USA Segment has been renamed as the North American Segment and is referred to as such throughout this Annual Report and Accounts.

4 Segment information continued

This new Segmental reporting structure is the basis on which internal reports are provided to the Chief Executive Officer, as the CODM, for assessing performance and determining the allocation of resources within the Group, in accordance with IFRS 8.25. Segmental performance is measured based on external revenues, adjusted[1] gross profit, adjusted[1] operating profit and adjusted[1] profit before tax. As noted on page 65, Central Corporate Costs continue to be disclosed as a separate column within the Segmental note.

To enable comparisons with prior year performance, historical Segment information for the year ended 31 December 2019 has been restated in accordance with the revised Segmental reporting structure.

Segmental performance for the years ended 31 December 2020 and 31 December 2019 were as follows:

Year ended 31 December 2020

	UK £'000	Germany £'000	France £'000	North America £'000	International £'000	Central Corporate Costs £'000	Total £'000
Revenue							
Technology Sourcing revenue	1,328,049	1,297,444	526,436	917,654	110,501	–	**4,180,084**
Services revenue							
Professional Services	129,058	233,817	35,698	19,645	7,185	–	**425,403**
Managed Services	316,291	345,001	110,688	7,146	56,645	–	**835,771**
Total Services revenue	445,349	578,818	146,386	26,791	63,830	–	**1,261,174**
Total revenue	1,773,398	1,876,262	672,822	944,445	174,331	–	**5,441,258**
Results							
Adjusted[1] gross profit	249,258	279,889	74,380	86,333	30,681	–	**720,541**
Administrative expenses	(158,889)	(167,308)	(61,394)	(72,295)	(27,117)	(27,077)	**(514,080)**
Adjusted[1] operating profit/(loss)	90,369	112,581	12,986	14,038	3,564	(27,077)	**206,461**
Adjusted[1] net interest	(1,194)	(2,158)	(575)	(909)	(1,110)	–	**(5,946)**
Adjusted[1] profit/(loss) before tax	89,175	110,423	12,411	13,129	2,454	(27,077)	**200,515**
Exceptional items:							
- costs relating to acquisition of a subsidiary							**(684)**
- redundancy and other restructuring credit							**144**
- gain on acquisition of a subsidiary							**14,030**
Total exceptional items							**13,490**
Amortisation of acquired intangibles							**(7,434)**
Profit before tax							**206,571**

Year ended 31 December 2020

	Total £'000
Adjusted[1] operating profit	**206,461**
Amortisation of acquired intangibles	**(7,434)**
Exceptional items	**(540)**
Operating profit	**198,487**

Year ended 31 December 2020

	UK £'000	Germany £'000	France £'000	North America £'000	International £'000	Central Corporate Costs £'000	Total £'000
Other Segment information							
Property, plant and equipment	40,872	42,575	7,991	9,020	6,516	–	**106,974**
Right-of-use assets	12,757	61,500	18,856	15,495	21,014	–	**129,622**
Intangible assets	51,629	17,061	1,954	192,491	11,597	–	**274,732**
Capital expenditure:							
Property, plant and equipment	8,404	5,909	2,943	4,476	1,409	–	**23,141**
Right-of-use assets	3,774	16,670	10,445	–	17,629	–	**48,518**
Software	3,683	428	5	–	244	–	**4,360**
Depreciation of property, plant and equipment	11,065	6,565	2,244	1,513	2,646	–	**24,033**
Depreciation of right-of-use assets	4,566	29,514	4,163	2,170	4,741	–	**45,154**
Amortisation of software	5,799	917	41	103	341	–	**7,201**
Share-based payments	5,601	1,708	221	424	–	–	**7,954**

Year ended 31 December 2019

	UK (restated) £'000	Germany (restated) £'000	France (restated) £'000	North America (restated) £'000	International (restated) £'000	Central Corporate Costs £'000	Total £'000
Revenue							
Technology Sourcing revenue	1,142,746	1,344,423	479,423	732,009	123,626	–	**3,822,227**
Services revenue							
Professional Services	117,685	191,866	39,016	13,512	4,004	–	**366,083**
Managed Services	336,595	350,885	106,586	5,074	65,329	–	**864,469**
Total Services revenue	454,280	542,751	145,602	18,586	69,333	–	**1,230,552**
Total revenue	1,597,026	1,887,174	625,025	750,595	192,959	–	**5,052,779**
Results							
Adjusted[1] gross profit	221,208	253,222	75,650	69,493	43,541	–	**663,114**
Administrative expenses	(156,673)	(173,721)	(58,362)	(60,369)	(35,358)	(27,139)	**(511,622)**
Adjusted[1] operating profit/(loss)	64,535	79,501	17,288	9,124	8,183	(27,139)	**151,492**
Adjusted[1] net interest	(1,286)	(1,987)	(524)	(871)	(573)	–	**(5,241)**
Adjusted[1] profit/(loss) before tax	63,249	77,514	16,764	8,253	7,610	(27,139)	**146,251**
Exceptional items:							
– unwinding of discount relating to acquisition of a subsidiary							**(825)**
– costs relating to acquisition of a subsidiary							**(94)**
Total exceptional items							**(919)**
Amortisation of acquired intangibles							**(4,374)**
Profit before tax							**140,958**

4 Segment information continued

The reconciliation for adjusted[1] operating profit to operating profit as disclosed in the Consolidated Income Statement is as follows:

Year ended 31 December 2019

	Total £'000
Adjusted[1] operating profit	**151,492**
Amortisation of acquired intangibles	**(4,374)**
Exceptional items	**(94)**
Operating profit	**147,024**

	UK £'000	Germany £'000	France £'000	North America £'000	International £'000	Central Corporate Costs £'000	Total £'000
Other Segment information							
Property, plant and equipment	43,734	41,347	4,558	4,060	7,744	–	**101,443**
Right-of-use assets	13,762	70,727	9,795	7,953	8,645	–	**110,882**
Intangible assets	54,035	16,678	108	93,696	11,153	–	**175,670**
Capital expenditure:							
Property, plant and equipment	11,632	9,277	1,126	3,921	4,176	–	**30,132**
Right-of-use assets	1,850	25,614	1,448	1,528	4,531	–	**34,971**
Software	7,903	616	13	–	205	–	**8,737**
Depreciation of property, plant and equipment	9,968	6,356	1,788	748	2,596	–	**21,456**
Depreciation of right-of-use assets	3,056	27,007	4,076	2,224	3,903	–	**40,266**
Amortisation of software	5,616	1,187	45	–	321	–	**7,169**
Share-based payments	5,089	1,417	119	150	–	–	**6,775**

Charges for the amortisation of acquired intangibles and utilisation of deferred tax assets (where initial recognition was an exceptional item or a fair value adjustment on acquisition) are excluded from the calculation of adjusted[1] operating profit. This is because these charges are based on judgements about their value and economic life, are the result of the application of acquisition accounting rather than core operations, and whilst revenue recognised in the Consolidated Income Statement does benefit from the underlying asset that has been acquired, the amortisation costs bear no relation to the Group's underlying ongoing operational performance. In addition, amortisation of acquired intangibles is not included in the analysis of Segment performance used by the CODM.

Information about major customers

Included in revenues arising from the UK Segment are revenues of approximately £556.3 million (2019: £317.0 million) which arose from sales to the Group's largest customer. For the purpose 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.

5 Revenue

Revenue recognised in the Consolidated Income Statement is analysed as follows:

	2020 £'000	2019 £'000
Revenue by type		
Technology Sourcing revenue	**4,180,084**	3,822,227
Services revenue		
Professional Services	**425,403**	366,083
Managed Services	**835,771**	864,469
Total Services revenue	**1,261,174**	1,230,552
Total revenue	**5,441,258**	5,052,779

A revenue amount of £231.3 million for the year ended 2020 (2019: £191.0 million) is represented by items still 'held' by the Group for 'bill and hold' transactions at the balance sheet date.

Contract balances
The following table provides the information about contract assets and contract liabilities from contracts with customers.

	Note	31 December 2020 £'000	31 December 2019 £'000
Trade receivables	20	**1,065,061**	948,334
Contract assets, which are included in prepayments		**27,725**	5,959
Contract assets, which are included in accrued income		**125,433**	96,971
Contract liabilities, which are included in deferred income		**292,577**	174,258

The Group has implemented an expected credit loss impairment model with respect to contract assets using the simplified approach. Contract assets have been grouped on the basis of their shared risk characteristics and a provision matrix has been developed and applied to these balances to generate the loss allowance. The majority of these contract asset balances are with blue chip customers and the incidence of credit loss is low. There has therefore been no material adjustment to the loss allowance under IFRS 9.

Significant changes in contract assets and liabilities
Contract assets are balances due from customers under long-term contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the Group's right to consideration for the services transferred to date. Amounts are generally reclassified to trade and other receivables when these have been certified or invoiced to a customer. Refer to note 2.11.1 for credit terms of trade receivables.

Trade receivables balance increased during the year by £156.0 million due to acquisition of subsidiaries during the year (2019: nil)

Win fees, deferred contract costs and fulfilment costs are included in the prepayments balance above. The Consolidated Income Statement impact of the win fees was a recognition of a net income in 2020 of £1.8 million with a corresponding cost to tax of £0.3 million for the year. As at 31 December 2020, the win fee balance was £8.6 million. The Consolidated Income Statement impact of fulfilment costs was a recognition of a net cost in 2020 of £1.4 million with a corresponding credit to tax of £0.3 million for the year.

As at 31 December 2020, the fulfilment costs balance was £5.6 million. Contract assets, which are included in prepayments, increased by £39.2 million due to acquisition of a subsidiary during the year. No impairment loss was recorded for win fees or fulfilment costs during the year.

As at 31 December 2020, deferred contract costs of £19.1 million were included within prepayments following the acquisition of subsidiaries during the year.

Revenue was accrued in the reporting period amounting to £1.6 million with a debit to foreign exchange of £3.1 million. Accrued income balance also increased by £18.4 million due to acquisition of subsidiaries during the year (2019: nil). No impairment loss was recorded for accrued income during the year.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was £89.4 million. Contract liabilities, which are included in deferred income, increased by £42.3 million due to the acquisition of subsidiaries during the year. Revenue recognised in the reporting period from performance obligations satisfied or partially satisfied in previous periods was nil. Partially satisfied performance obligations continue to incur revenue and costs in the period.

Remaining performance obligations (Work in hand)
Contracts which have remaining performance obligations as at 31 December 2020 and 31 December 2019 are set out in the table below. The table below discloses the aggregate transaction price relating to those unsatisfied or partially unsatisfied performance obligations, excluding both (a) amounts relating to contracts for which revenue is recognised as invoiced and (b) amounts relating to contracts where the expected duration of the ongoing performance obligation is one year or less.

Managed Services

	Less than one year £m	One to two years £m	Two to three years £m	Three to four years £m	Four years and beyond £m	Total £m
As at 31 December 2020	**540**	**343**	**211**	**170**	**93**	**1,357**
As at 31 December 2019	588	317	198	70	34	1,207

The average duration of contracts is between one and five years, however some contracts will vary from these typical lengths. Revenue is typically earned over these varying timeframes, however more of the revenue noted above is expected to be earned in the short term.

6 Group operating profit

This is stated after charging/(crediting):

	2020 £'000	2019 £'000
Depreciation of property, plant and equipment (excluding right-of-use assets)	**24,033**	21,456
Depreciation on right-of-use assets	**45,154**	40,266
Loss on disposal of property, plant and equipment	**200**	347
Amortisation of software	**7,201**	7,169
Loss on disposal of software	**321**	116
Amortisation of acquired intangible assets	**7,434**	4,374
Severance cost	**13,098**	16,275
Bad debt charge	**2,212**	2,834
One-off employee EPS target bonus*	**5,182**	–
Government grants	**(6,400)**	–
Gain/(loss) on net foreign currency differences	**398**	(1,090)
Costs of inventories recognised as an expense	**3,742,593**	3,426,307

* The Company decided to mark the achievement of its long held ambition to exceed £1 of adjusted[1] diluted earnings per share with a one-off employee bonus. The bonus was given to circa 80 per cent of employees globally. Senior managers and those with commission-based rewards were excluded, with the focus on those longest serving. For those eligible, the award was £200 or equivalent for an employee who had completed their first year of service, rising to £500 for those with more than seven years of service.

The rental income is included in Administrative expenses.

7 Auditor's remuneration

	2020 £'000	2019 £'000
Auditor's remuneration:		
– Audit of the Financial Statements	**191**	60
– Audit of subsidiaries	**1,138**	829
Total audit fees	**1,329**	889
Audit-related assurance services including the review of the Interim Report and Accounts	**63**	62
Taxation compliance services	**83**	1
Other assurance services	**4**	7
Other non-audit services	**31**	–
Total non-audit services	**181**	70
Total fees	**1,510**	959

Audit-related assurance services represent the half year review, and other assurance services represent assurance over government grants both performed by the Group's auditor KPMG LLP.

Pivot audit for the two-month period ended 31 December 2020 and also for the year ended 31 December was performed by EY Canada for a fee of £125,644 ($169,431).

Certain taxation compliance services and other non-audit services in 2020 are provided by Ernst and Young, auditor of a North American subsidiary. Non-audit services relate to advisory services on COVID-19 subsidies, cyber-attack and Jersey/Ireland entity merger.

8 Exceptional items

	2020 £'000	2019 £'000
Operating profit		
Costs relating to acquisition of a subsidiary	**(684)**	(94)
Gain on release of French Social Plan provision	**144**	–
Gain on acquisition of subsidiary	**14,030**	–
Exceptional operating profit/(loss)	**13 ,490**	(94)
Interest cost relating to acquisition of a subsidiary	**–**	(825)
Profit/(loss) on exceptional items before taxation	**13,490**	(919)
Income tax		
Tax credit on exceptional items	**–**	39
Tax credit relating to acquisition of a subsidiary	**715**	839
Profit/(loss) on exceptional items after taxation	**14,205**	(41)

2020: Included within the current year are the following exceptional items:

- An exceptional cost during the year of £0.7 million resulted from the acquisition of Pivot and primarily related to fees paid to the Company's advisors. This cost is non-operational, unlikely to recur and is consistent with our prior-year treatment of acquisition costs on material transactions as exceptional items.
- A credit of £0.1 million arising on an expense previously put in exceptional costs within the financial statements of 2016 in relation to the 2014 French Social plan.
- The acquisition of BT Services France resulted in an exceptional gain of £14.0 million, which was recognised on consolidation of the subsidiary. The gain arose because the net assets acquired for consideration of €1 totalled £14.0 million after fair value adjustments, including £27.6 million of cash. Refer to note 18 d) of the Financial Statements for further information on the calculation of the exceptional gain on acquisition. The business acquired comprised BT's domestic French services operations which, on acquisition, were making considerable losses on a stand-alone basis. The Company considers that the exceptional gain reflects the future losses that the acquired business will incur over the medium term, as it is brought onto a sustainable footing through a combination of upskilling employees, cross-selling into the Group's customers, alignment with Group processes and systems, and the general improvement of its operating activities. These costs are non-operational in nature, material in size and unlikely to recur and have therefore been classified as exceptional.
- A further tax credit of £0.7 million was recorded due to post-acquisition activity in FusionStorm. This benefit derived from payments which were settled by the vendor, out of the consideration paid, via post-acquisition capital contributions to FusionStorm. As this credit was related to the acquisition and not operational activity within FusionStorm, is a one-off and material to the overall tax result, we have classified this as an exceptional tax item, consistent with the treatment in 2018 and 2019.

2019: Included within the prior year are the following exceptional items:

- An exceptional operating loss during the year of £0.1 million resulted from residual costs directly relating to the acquisition of FusionStorm. These costs were non-operational in nature, material in size and unlikely to recur and have therefore been classified as outside our adjusted[1] results. The current year loss resulted from social charges relating to the severance payment for the FusionStorm Chief Executive Officer and has been treated as an exceptional item for consistency with the disclosure in the year to 31 December 2018. A further £0.8 million relating to the unwinding of the discount on the deferred consideration for the purchase of FusionStorm has been removed from the adjusted[1] net finance expense and classified as exceptional interest costs.
- A credit of £0.04 million arising from the tax benefit on the FusionStorm exceptional acquisition costs has been recognised as tax on the above exceptional item. A further tax credit of £0.8 million was recorded due to post-acquisition activity in FusionStorm, related to the transaction, which has resulted in an in-year tax benefit. This activity was settled by the vendor, out of the consideration paid, via post-acquisition capital contributions to FusionStorm. As this credit was related to the acquisition and not operational activity within FusionStorm, is of a one-off nature and material to the overall tax result, it was classified as an exceptional tax item.

9 Staff costs

The average monthly number of employees (including Executive Directors) during the year was made up as follows:

	2020 No.	2019 No.
UK	**4,117**	4,264
Germany	**6,418**	6,511
France	**2,160**	1,595
North America	**1,326**	604
International	**2,743**	2,842
	16,764	15,816

9 Staff costs continued

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	**809,592**	779,462
Social security costs	**120,309**	113,162
Share-based payments	**9,473**	6,754
Pension costs*	**17,419**	16,532
	956,793	915,910

* During the year management has adjusted the presentation of staff costs to exclude certain employee contributions that were previously included within pension costs. The comparative amount has been reduced by £11.4 million for consistency.

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

10 Finance income

	2020 £'000	2019 £'000
Bank interest received	**424**	823
Other interest received	**51**	157
	475	980

11 Finance costs

	2020 £'000	2019 £'000
Bank loans and overdrafts	**1,757**	2,406
Finance charges paid	**38**	–
Interest paid on lease liabilities	**4,479**	3,728
Other interest	**147**	912
	6,421	7,046

12 Income tax

a) Tax on profit from ordinary activities

	2020 £'000	2019 £'000
Tax charged in the Consolidated Income Statement		
Current income tax		
UK corporation tax	**18,176**	13,213
Foreign tax:		
– operating results before exceptional items	**36,375**	26,724
– exceptional items	**(715)**	(878)
Total foreign tax	**35,660**	25,846
Adjustments in respect of prior years	**350**	(460)
Total current income tax	**54,186**	38,599
Deferred tax		
Operating results before exceptional items:		
– origination and reversal of temporary differences	**(710)**	311
– change in tax rates	**(522)**	–
– adjustments in respect of prior years	**(539)**	487
Total deferred tax	**(1,771)**	798
Tax charge in the Consolidated Income Statement	**52,415**	39,397

b) Reconciliation of the total tax charge

	2020 £'000	2019 £'000
Profit before income tax	**206,571**	140,958
At the UK standard rate of corporation tax of 19 per cent (2019: 19 per cent)	**39,249**	26,782
Expenses not deductible for tax purposes	**(34)**	1,474
Non-deductible element of share-based payment charge	**69**	432
Adjustments in respect of prior years	**(189)**	266
Effect of different tax rates of subsidiaries operating in other jurisdictions	**14,305**	8,876
Change in tax rate	**(522)**	–
Other differences	**1,246**	32
Overseas tax not based on earnings	**1,427**	1,604
Tax effect of income not taxable in determining taxable profit	**(3,136)**	(69)
At effective income tax rate of 25.4 per cent (2019: 27.9 per cent)	**52,415**	39,397

c) Tax losses

Deferred tax assets of £0.4 million (2019: £2.0 million) have been recognised in respect of losses carried forward.

In addition, at 31 December 2020, there were unused tax losses across the Group of £307.6 million (2019: £143.0 million) for which no deferred tax asset has been recognised. Of these losses, £24.7 million (2019: £39.8million) arise in Germany and £282.9 million (2019: £103.2 million) arise in France. A significant proportion of the losses arising in Germany have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

d) Deferred tax

Deferred income tax at 31 December 2020 and 31 December 2019 relates to the following:

	Consolidated Balance Sheet		Consolidated Income Statement and Consolidated Statement of Comprehensive Income	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Deferred income tax assets				
Relief on share option gains	**7,012**	5,300	**1,712**	432
Other temporary differences	**10,310**	6,575	**547**	(285)
Revaluations of foreign exchange contracts to fair value	**987**	369	**619**	247
Losses available for offset against future taxable income	**341**	1,343	**(994)**	(2,131)
Gross deferred income tax assets	**18,650**	13,587		
Deferred income tax liabilities				
Revaluations of foreign exchange contracts to fair value	**1,058**	809	**(250)**	(71)
Amortisation of intangibles	**26,384**	15,272	**1,705**	1,186
Gross deferred income tax liabilities	**27,442**	16,081		
Deferred income tax charge			**3,339**	(622)
Net deferred income tax liabilities	**(8,792)**	(2,494)		
Disclosed on the Consolidated Balance Sheet				
Deferred income tax assets	**10,081**	9,204		
Deferred income tax liabilities	**(18,873)**	(11,698)		
Net deferred income tax liabilities	**(8,792)**	(2,494)		

At 31 December 2020, there was no recognised or unrecognised deferred income tax liability (2019: £nil) for taxes that could 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 continue to be covered by relevant dividend exemptions. Where, following the departure of the UK from the European Union, the Group's European subsidiaries' unremitted earnings are no longer covered by a dividend exemption, appropriate mitigating steps are envisaged that would eliminate the incidence of withholding tax.

e) Impact of rate change

The main rate of UK Corporation tax for financial year 2020 is 19 per cent, as enacted in the Finance Act 2020. The deferred tax in these Consolidated Financial Statements reflects this.

13 Earnings per share

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).

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares.

	2020 £'000	2019 £'000
Profit attributable to equity holders of the Parent	**153,750**	101,655

	2020 £'000	2019 £'000
Basic weighted average number of shares (excluding own shares held)	**112,894**	112,514
Effect of dilution:		
Share options	**2,005**	1,655
Diluted weighted average number of shares	**114,899**	114,169

	2020 pence	2019 pence
Basic earnings per share	**136.2**	90.3
Diluted earnings per share	**133.8**	89.0

14 Dividends paid and proposed

	2020 £'000	2019 £'000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2019: nil (2018: 21.6 pence)	–	24,366
Interim dividend for 2020: 12.3 pence (2019: 10.1 pence)	**13,943**	11,398
	13,943	35,764
Proposed (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for 2020: 38.4 pence (2019: 26.9 pence)	**43,830**	30,704

15 Property, plant and equipment

	Freehold land and buildings £'000	Short leasehold improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Property, plant and equipment excluding Right-of-use assets	Right-of-use assets £'000	Total £'000
Cost						
At 1 January 2019	85,457	22,102	138,388	245,947	–	245,947
Transfer	–	–	(15,348)	(15,348)	15,348	–
Implementation of IFRS 16	–	–	–	–	111,839	111,839
Relating to acquisition of subsidiaries	–	2,223	2,765	4,988	958	5,946
Additions	1,414	6,713	22,005	30,132	34,971	65,103
Disposals	–	(1,385)	(6,270)	(7,655)	(3,021)	(10,676)
Foreign currency adjustment	(1,110)	(795)	(3,790)	(5,695)	(5,435)	(11,130)
At 31 December 2019	85,761	28,858	137,750	252,369	154,660	407,029
Relating to acquisition of subsidiaries (note 18)	**96**	**1,453**	**3,969**	**5,518**	**12,788**	**18,306**
Additions	**(48)**	**4,906**	**18,283**	**23,141**	**48,518**	**71,659**
Disposals	**–**	**(2,489)**	**(6,664)**	**(9,153)**	**(14,224)**	**(23,377)**
Transfers	**–**	**600**	**(600)**	**–**	**–**	**–**
Foreign currency adjustment	**1,059**	**78**	**2,330**	**3,467**	**5,562**	**9,029**
At 31 December 2020	**86,868**	**33,406**	**155,068**	**275,342**	**207,304**	**482,646**
Accumulated depreciation and impairment						
At 1 January 2019	40,972	8,020	90,688	139,680	–	139,680
Implementation of IFRS 16	–	–	(6,581)	(6,581)	6,581	–
Relating to acquisition of subsidiaries	–	1,724	2,579	4,303	–	4,303
Provided during the year	1,965	3,808	15,683	21,456	40,266	61,722
Disposals	–	(1,345)	(3,602)	(4,947)	(2,309)	(7,256)
Foreign currency adjustment	(45)	(361)	(2,579)	(2,985)	(760)	(3,745)
At 31 December 2019	42,892	11,846	96,188	150,926	43,778	194,704
Provided during the year	**2,014**	**3,758**	**18,261**	**24,033**	**45,154**	**69,187**
Disposals	**–**	**(2,435)**	**(6,163)**	**(8,598)**	**(12,927)**	**(21,525)**
Foreign currency adjustment	**70**	**129**	**1,808**	**2,007**	**1,677**	**3,684**
At 31 December 2020	**44,976**	**13,298**	**110,094**	**168,368**	**77,682**	**246,050**
Net book value						
At 31 December 2020	**41,892**	**20,108**	**44,974**	**106,974**	**129,622**	**236,596**
At 31 December 2019	42,869	17,012	41,562	101,443	110,882	212,325
At 1 January 2019	44,485	14,082	47,700	106,267	–	106,267

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of two to 10 years, but might have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

As at 31 December 2020, the net book value of recognised right-of-use assets relating to land and buildings was £90.3 million (2019: £68.0 million) and plant and equipment £39.3 million (2019: £42.9 million). The depreciation charge for the year relating to those assets was £18.8 million (2019: £16.8 million) and £26.3 million (2019: £23.5 million), respectively.

16 Intangible assets

	Goodwill £'000	Software £'000	Acquired intangible assets: Customer relationship £'000	Acquired intangible assets: Others £'000	Total £'000
Cost					
At 1 January 2019	113,897	100,087	63,025	22,586	299,595
Relating to acquisition of subsidiaries	3,111	1,394	–	–	4,505
Additions	–	8,737	–	–	8,737
Disposals	–	(1,321)	–	(1,376)	(2,697)
Adjustment within measurement period	(4,131)	–	–	–	(4,131)
Foreign currency adjustment	(3,360)	(633)	(2,314)	(718)	(7,025)
At 31 December 2019	109,517	108,264	60,711	20,492	298,984
Relating to acquisition of subsidiaries (note 18)	**57,900**	**337**	**57,229**	**1,696**	**117,162**
Additions	**–**	**4,360**	**–**	**–**	**4,360**
Disposals	**–**	**(3,413)**	**–**	**–**	**(3,413)**
Foreign currency adjustment	**(2,448)**	**345**	**(5,229)**	**389**	**(6,943)**
At 31 December 2020	**164,969**	**109,893**	**112,711**	**22,577**	**410,150**
Accumulated amortisation and impairment					
At 1 January 2019	10,982	80,969	1,342	21,689	114,982
Relating to acquisition of subsidiaries	–	1,377	–	–	1,377
Provided during the year	–	7,169	4,161	213	11,543
Disposals	–	(1,295)	–	(1,326)	(2,621)
Foreign currency adjustment	(709)	(523)	(443)	(292)	(1,967)
At 31 December 2019	10,273	87,697	5,060	20,284	123,314
Provided during the year	**–**	**7,201**	**5,728**	**1,706**	**14,635**
Disposals	**–**	**(3,092)**	**–**	**–**	**(3,092)**
Foreign currency adjustment	**640**	**223**	**(532)**	**230**	**561**
At 31 December 2020	**10,913**	**92,029**	**10,256**	**22,220**	**135,418**
Net book value					
At 31 December 2020	**154,056**	**17,864**	**102,455**	**357**	**274,732**
At 31 December 2019	99,244	20,567	55,651	208	175,670
At 1 January 2019	102,915	19,118	61,683	897	184,613

17 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
- Computacenter Germany
- Computacenter AG
- cITius AG
- Computacenter Belgium
- FusionStorm
- Computacenter Netherlands (formerly Misco Solutions B.V.)
- PathWorks GmbH
- Pivot Technology Solutions, Inc. (Pivot) USA CGU
- Pivot Technology Solutions, Inc. (Pivot) Canada CGU

These represent the lowest level within the Group at which goodwill is monitored for internal Management purposes. Certain other corporate assets are unable to be allocated against specific CGUs. These assets are tested across an aggregation of CGUs that utilise the asset.

Movements in goodwill

	CC* (UK) Limited £'000	TeamUltra Limited £'000	CC* Germany £'000	CC* AG £'000	cITius AG £'000	CC* Belgium £'000	Fusion -Storm £'000	CC* Netherlands £'000	PathWorks GmbH £'000	Pivot Technology Solutions, Inc (USA CGU) £'000	Pivot Technology Solutions, Inc (Canada CGU) £'000	Total £'000
1 January 2019	30,429	4,620	16,150	1,069	2,096	1,556	43,691	3,304	–	–	–	102,915
Relating to acquisition of subsidiaries	–	–	–	–	–	–	–	–	3,138	–	–	3,138
Integration of CGU	4,620	(4,620)	–	–	–	–	–	–	–	–	–	–
Adjustment within measurement period	–	–	–	–	–	–	(4,131)	–	–	–	–	(4,131)
Foreign currency adjustment	–	–	(856)	(17)	(33)	(121)	(1,399)	(176)	(76)	–	–	(2,678)
31 December 2019	35,049	–	15,294	1,052	2,063	1,435	38,161	3,128	3,062	–	–	99,244
Relating to acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**52,890**	**5,010**	**57,900**
Foreign currency adjustment	**–**	**–**	**812**	**58**	**113**	**90**	**(1,525)**	**167**	**167**	**(2,712)**	**(258)**	**(3,088)**
31 December 2020	**35,049**	**–**	**16,106**	**1,110**	**2,176**	**1,525**	**36,636**	**3,295**	**3,229**	**50,178**	**4,752**	**154,056**
Market growth rate	1.6%	1.6%	1.0%	1.5%	1.5%	1.4%	1.8%	1.3%	1.5%	1.8%	1.8%	
Discount rate (post tax)	8.3%	8.3%	9.4%	6.5%	6.5%	10.1%	9.7%	9.1%	6.5%	11.9%	12.4%	

CC* – Computacenter.

Key assumptions used in value-in-use calculations
The recoverable amounts of all 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 1.0 per cent and 1.8 per cent (2019: between 1.0 and 1.8 per cent) thereafter.

Key assumptions used in the value-in-use calculation for all CGUs for 31 December 2020 and 31 December 2019 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 6.5 per cent to 10.1 per cent (2019: 8.7 per cent to 11.3 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 acquired intangible assets
Other acquired intangible assets consist of customer relationships, order backlog 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.

18 Investments

a) Investment in associate

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

	2020 £'000	2019 £'000
Cost		
At 1 January	**54**	606
Liquidation	**–**	(549)
Exchange rate movement	**3**	(3)
At 31 December	**57**	54
Impairment		
At 1 January	**–**	(549)
Liquidation	**–**	549
At 31 December	**–**	–
Carrying value	**57**	54

Gonicus GmbH

The Group has a 20 per cent (2019: 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.

b) Investment in subsidiaries

The Group's subsidiary undertakings are as follows:

			Proportion of voting rights and shares held	
Name	**Country of incorporation**	**Nature of business**	**2020**	**2019**
Pivot Technology Services Pty Ltd.	Australia[1]	IT infrastructure services	**100%[i]**	–
Computacenter NV/SA	Belgium[2]	IT infrastructure services	**100%[vi]**	100%[vi]
TeraMach Technologies Inc.	Canada[3]	IT infrastructure services	**100%[i]**	–
Computacenter Hong Kong Limited	China[4]	IT infrastructure services	**100%[v]**	100%[v]
Pivot Services Limited	China[5]	IT infrastructure services	**100%[i]**	–
Computacenter (UK) Limited	England[6]	IT infrastructure services	**100%**	100%
TeamUltra Limited	England[6]	IT infrastructure services	**100%[i]**	100%[i]
R.D. Trading Limited	England[7]	IT infrastructure services	**90%[vii]**	90%[vii]
Pivot Solutions International (UK) Ltd.	England[8]	IT infrastructure services	**100%[i]**	–
Computacenter France SAS	France[9]	IT infrastructure services	**100%**	100%
Computacenter NS	France[9]	IT infrastructure services	**100%[iv]**	–
Computacenter AG & Co oHG	Germany[10]	IT infrastructure services	**100%**	100%
Computacenter Aktiengesellschaft	Germany[11]	IT infrastructure services	**100%**	100%
Computacenter Management GmbH	Germany[11]	IT infrastructure services	**100%**	100%
Computacenter Managed Services GmbH	Germany[11]	IT infrastructure services	**100%**	100%
Computacenter Germany AG & Co oHG	Germany[12]	IT infrastructure services	**100%[ii]**	100%[ii]
Computacenter Holding GmbH	Germany[12]	IT infrastructure services	**100%**	100%
Alfatron GmbH Elektronik – Vertrieb	Germany[12]	IT infrastructure services	**100%[ii]**	100%[ii]
C'NARIO Informationsprodukte Vertriebs-GmbH	Germany[12]	IT infrastructure services	**100%[ii]**	100%[ii]
E'ZWO Computer vertriebs	Germany[12]	IT infrastructure services	**99.09%[ii]**	99.09%[ii]
Computacenter Ireland Limited	Ireland[13]	IT infrastructure services	**100%[i]**	100%[i]
Pivot Research, Ltd.	Ireland[14]	IT infrastructure services	**100%[i]**	–
Pivot Shared Services, Ltd.	Ireland[14]	IT infrastructure services	**100%[i]**	–
Computacenter B.V.	Netherlands[15]	IT infrastructure services	**100%**	100%
Computacenter NV	Netherlands[16]	IT infrastructure services	**100%**	100%

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held 2020	2019
Computacenter Netherlands B.V.	Netherlands[17]	IT infrastructure services	**100%[v]**	100%[v]
Pivot Services International Singapore Pte. Ltd.	Singapore[18]	IT infrastructure services	**100%[i]**	–
Computacenter (Pty) Limited	South Africa[19]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter AG	Switzerland[20]	IT infrastructure services	**100%**	100%
Computacenter PS AG	Switzerland[21]	IT infrastructure services	**100%[iii]**	100%[iii]
Computacenter TS GmbH	Switzerland[22]	IT infrastructure services	**100%[iii]**	100%[iii]
Computacenter FusionStorm Inc.	USA[23]	IT infrastructure services	**100%[v]**	100%[v]
FusionStorm Acquisition Corp.	USA[23]	IT infrastructure services	**100%[v]**	100%[v]
FusionStorm International Inc.	USA[23]	IT infrastructure services	**100%[v]**	100%[v]
Computacenter (U.S.), Inc.	USA[23]	IT infrastructure services	**100%**	100%
Pivot Technology Solutions, Ltd.	USA[24]	IT infrastructure services	**100%[v]**	–
Pivot Technology Services Corp.	USA[24]	IT infrastructure services	**100%[v]**	–
ARC Acquisition Inc.	USA[24]	IT infrastructure services	**100%[v]**	–
Smart-Edge.com Inc.	USA[24]	IT infrastructure services	**100%[v]**	–
Prosys Information System Inc.	USA[24]	IT infrastructure services	**44.9%[viii]**	–
Applied Computer Solutions	USA[25]	IT infrastructure services	**40%[ix]**	–
Digica Group Finance Limited	England[6]	Investment property	**100%[i]**	100%[i]
Computacenter Immobilien GmbH	Germany[10]	Investment property	**100%[ii]**	100%[ii]
Computacenter Information Technology (Shanghai) Company Limited	China[26]	International call centre services	**100%[i]**	100%[i]
Pivot Technology (Shanghai) Company Limited	China[27]	International call centre services	**100%[i]**	–
Computacenter Services Kft	Hungary[28]	International call centre services	**100%[i]**	100%[i]
Computacenter India Private Limited	India[29]	International call centre services	**100%[vi]**	100%[vi]
Computacenter Services (Malaysia) Sdn. Bhd	Malaysia[30]	International call centre services	**100%[i]**	100%[i]
Computacenter México S. A. de C.V.	Mexico[31]	International call centre services	**100%[vi]**	100%[vi]
Pivot of the Americas, S. A. de C.V.	Mexico[32]	International call centre services	**100%[i]**	–
Computacenter Poland sp. Z.o.o.	Poland[33]	International call centre services	**100%[i]**	100%[i]
Computacenter Services (Iberia) SLU	Spain[34]	International call centre services	**100%[i]**	100%[i]
FusionStorm Netherlands Cooperatief	Netherlands[17]	Financial holdings	**100%[v]**	100%[v]
Computacenter Quest Trustees Limited	England[6]	Employee share scheme trustees	**100%[i]**	100%[i]
Computacenter Trustees Limited	England[6]	Employee share scheme trustees	**100%[i]**	100%[i]
Allnet Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Amazon Computers Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Amazon Energy Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Amazon Systems Limited	England[6]	Dormant company	**100%[i]**	100%[i]
CAD Systems Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Compufix Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter (FMS) Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter (Management Services) Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter (Mid-Market) Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter Consumables Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter Distribution Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter Leasing Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter Maintenance Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter Overseas Holdings Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter Services Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter Software Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter Solutions Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computacenter Training Limited	England[6]	Dormant company	**100%[i]**	100%[i]

18 Investments continued

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held 2020	2019
Computadata Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Computer Services Group Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Digica Group Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Digica Group Holdings Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Digica SMP Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Digica (FMS) Limited	England[6]	Dormant company	**100%[i]**	100%[i]
ICG Services Limited	England[6]	Dormant company	**100%[i]**	100%[i]
M Services Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Merchant Business Systems Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Merchant Systems Limited	England[6]	Dormant company	**100%[i]**	100%[i]
Logival (SARL)	France[9]	Dormant company	**100%[iv]**	100%[iv]
Damax GmbH	Switzerland[20]	Dormant company	**100%[iii]**	100%[iii]
Computacenter (US) Defense Inc.	USA[23]	Dormant company	**100%[v]**	100%[v]

i Includes indirect holdings of 100 per cent via Computacenter (UK) Limited
ii Includes indirect holdings of 100 per cent via Computacenter Holding GmbH, excludes E'ZWO Computervertriebs which is 99.09 per cent
iii Includes indirect holdings of 100 per cent via Computacenter AG
iv Includes indirect holdings of 100 per cent via Computacenter France SAS
v Includes indirect holdings of 100 per cent via Computacenter (U.S.) Inc.
vi Includes indirect holdings of 1 per cent via Computacenter (UK) Limited
vii Includes indirect holdings of 90 per cent via Compuatcenter (UK) Limited
viii Includes indirect holdings of 44.9 per cent via Pivot Technology Services Corp.
ix Includes indirect holdings of 40 per cent via Pivot Technology Services Corp.

1 Tower 2, Darling Park, 201 Sussex Street, Sydney 2000, New South Wales, Australia
2 Ikaroslaan 31, B-1930 Zaventem
3 55 Renfrew Drive, Suite 200, Markham, ON L3R 8H3, Canada
4 3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
5 Unit 2, 10/F, NEO, 123 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
6 Hatfield Avenue, Hatfield, Hertfordshire AL10 9TW
7 Tekhnicon, Springwood, Braintree, Essex CM7 2YN
8 25 Canada Square, Level 37, London, United Kingdom, E14 5LQ
9 229 rue de la Belle Etoile, ZI Parid Nord II, BP 52387, 95943 Roissy CDG Cedex
9 229 rue de la Belle Etoile, ZI Parid Nord II, BP 52387, 95943 Roissy CDG Cedex
10 Computacenter Park 1, 50170 Kerpen, Germany
11 Kattenbug 2, 50667 Koln
12 Werner-Eckert-Str. 16 – 18, 81829 Munchen
13 Skybridge House, Corballis Road North, Dublin Airport, Swords, Co. Dublin, K67P6K2
14 Galway IDA Business Park, Building 1, Floor 1, Room 1, Dangan, Galway Ireland
15 Gondel 1, 1186 MJ Amstelveen, Netherlands
16 Beech Avenue 54 – 80 1119 PW Schipol-Rjik
17 Prins Bernhardplein 200, 1097JB Amsterdam
18 4 Battery Road, #25-01 Bank of China Building, Singapore 049908
19 Klein D'Aria Estate, 97 Jip de Jager Drive, Belville, 7535, Cape Town
20 Riedstrasse 14, CH-8953 Dietikon
21 Giessereistrasse 4, CH-8620 Wetzikon
22 Luzernerstrasse 52c, CH 6025 Neudorf
23 1 University Ave, Suite 102, Westwood, MA 02090
24 6025 The Corners Parkway, Suite 100, Norcorss, GA 30092
25 15461 Springdale Street, Huntington Beach, CA 92649
26 Unit 229, Block 2, Building 1, Huanhu West 2nd Road no. 888 Nanhui New Town, Putong District Shanghai
27 11/F, Carlton Building, No.21, Huangha Road, Haungpu District, Shanghai
28 Haller Gardens, Building D. 1st Floor, Soroksari ut 30 – 34, Budapest 1095
29 4th Floor, Purva Premiere, Residency Road, Bangalore 560025
30 Level 9, Tower 1, Puchong Financial Corporate Centre, Jalan Puteri 1/2, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan
31 Av. Paseo de la Reforma, No.412 floor 5, Col.Juarez, Delegacion Cuauhtemoc, CP06600, Mexico City
32 Presa de la Angostura 23 PB, Colonia Irrigacion 11500, Distrito Federal, Mexico City
33 Ul. Glogowska 31/33, 60 – 702, Poznan, Poland
34 Carrer de Sancho De Avila 52 – 58, 08018, Barcelona

Computacenter plc is the ultimate Parent entity of the Group.

c) Acquisition of Pivot Technology Solutions Inc. (Pivot)

On 2 November 2020, the Group acquired 100 per cent of the voting shares of Pivot Technology Solutions Inc. for a consideration of £60.3 million. The acquisition-related costs amounting to £1.4 million, of which £0.7 million are exceptional and £0.7 million are within admin expenses, are included in the Consolidated Income Statement. Pivot is based in the Canada and the US. The acquisition has been accounted for using the purchase method of accounting.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Fair value to the Group £'000
Property, plant and equipment (including right-of-use assets)	13,396
Software	311
Customer relationship and orderbook	57,056
Contract asset	39,171
Inventories	40,668
Trade and other receivables	142,921
Deferred tax asset	3,358
Cash and short-term deposits	2,615
Trade and other payables	(165,363)
Contract liability	(42,268)
Deferred tax liabilities	(13,885)
Credit facility	(62,225)
Lease liabilities	(10,394)
Net assets acquired	5,361
Less Minority Interest Share	(2,947)
Goodwill arising on acquisition	57,900
	60,314
Discharged by:	
Cash paid on acquisition	60,314
Cash and cash equivalents acquired	
Cash and short-term deposits	2,615
Cash outflow on acquisition	57,699

Apart from Customer relationship and order book Intangibles, Cash and short-term deposits and credit facility, which has been finalised, the initial accounting for the acquisition of Pivot has only been provisionally determined at the date of finalisation of these Consolidated Financial Statements based on Management's best estimates. The accounting in these areas remains provisional due to the timing of the acquisition, meaning areas including working capital balances are still in the course of resolution.

Measurement of fair values

Intangible customer relationship and orderbook have been valued using income approach (excess earnings) valuation technique. This approach states that the value of an intangible asset is given by the present value of the earnings it generates, net of a reasonable return on other assets also contributing to that stream of earnings (contributory asset charges).

The rest of the assets and liabilities have been valued using market comparison and cost technique. This approach considers market prices for similar items when they are available, and depreciated replacement cost when appropriate.

Included in the £58.0 million of goodwill that arose on acquisition are certain intangible assets that cannot be individually separated and reliably measured under IFRS 3 Business Combination from the acquiree due to their nature. These mainly include a footprint from which to grow in the US/Canada and skillset of the workforce.

From the date of acquisition to 31 December 2020, Pivot contributed £219.1 million to the Group's revenue and a profit of £0.4 million to the Group's profit after tax.

18 Investments continued

Applied Computer Solutions (ACS)

ACS is a 40 per cent owned affiliate of a Pivot subsidiary, whose principal office is located in Huntington Beach, California, United States of America. Despite not owning a majority of the voting rights, Computacenter controls this entity through a Pivot subsidiary for accounting purposes, based on the following facts and circumstances:

- Pivot has the right in its sole discretion to either acquire, at any time, shares of ACS that it does not already own, or to designate a different owner to purchase the shares provided such transfer(s) are in compliance with applicable Women Business Enterprise (WBE) requirements;
- Pivot has multiple representatives on the ACS board of directors;
- any significant decisions made at ACS requires the approval of the ACS board of directors and/or shareholders, including board changes, payment of dividends, mergers or acquisitions, material changes to compensation, incurring debt in excess of $100, causing any material change in the business, and/or assignment or termination of any material agreement; and
- Pivot receives the majority of the benefits from the activities of ACS.

	2020 ($'000)	2019 ($'000)
Current assets	**14,965**	12,709
Non-current assets	**16,596**	19,389
Current liabilities	**30,165**	29,113
Non-current liabilities	**–**	2,287
Revenue	**119,474**	231,487
Total comprehensive income (loss)	**295**	65
% interest held	**40%**	40%

ProSys Information Systems, Inc (ProSys)

ProSys is a 44.9 per cent owned affiliate of a Pivot subsidiary, whose principal office is located in Norcross, Georgia, United States of America. Despite not owning a majority of the voting rights, Computacenter controls this entity through a Pivot subsidiary for accounting purposes based on the following facts and circumstances:

- Pivot has the right to either acquire, at any time, the remaining shares of ProSys it does not already own or to designate a different owner to purchase the shares provided such transfer(s) are in compliance with applicable WBE requirements;
- Pivot is represented on the ProSys board of directors and any significant decisions made at ProSys requires the approval of the board of directors and/or shareholders, including changes to its board of directors, payment of dividends, mergers or acquisitions, material changes to compensation, incurring debt in excess of $0.1 million, causing any material change in the business, and/or assigning or termination of any material agreement; and
- Pivot receives the majority of the benefits from the activities of ProSys.

	2020 ($'000)	2019 ($'000)
Current assets	**181,842**	23,628
Non-current assets	**6,533**	539
Current liabilities	**176,922**	19,469
Non-current liabilities	**5,152**	–
Revenue	**543,249**	258,374
Total comprehensive income/(loss)	**293**	(575)
% interest held	**44.9%**	46.4%

d) Acquisition of BT France SAS (Computacenter NS)

On 2 November 2020, the Group acquired 100 per cent of BT's domestic operations in France for €1. The acquisition-related costs amounted to a total of £0.9 million of which £0.5 million was included within administration expenses in the Consolidated Income Statement for the year ended 31 December 2019 and £0.4 million was included within administration expenses in the Consolidated Income Statement for the year ended 31 December 2020. The acquisition has been accounted for using the purchase method of accounting.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Fair value to the Group £'000
Property, plant and equipment (including right-of-use assets)	4,910
Software	26
Customer relationship	1,869
Inventories	257
Trade and other receivables	12,688
Cash and short-term deposits	27,604
Prepayments	16,799
Trade and other payables	(32,225)
Lease liabilities	(2,390)
Pension liability	(9,914)
Provisions	(5,594)
Net assets acquired	14,030
Gain on acquisition of subsidiary	(14,030)
Discharged by:	
Cash paid on acquisition	–
Cash and cash equivalents acquired	
Cash and short-term deposits	27,604
Cash inflow on acquisition	27,604

Apart from the Customer relationship intangible and Cash and short-term deposits which has been finalised, the initial accounting for the acquisition of Computacenter NS has only been provisionally determined at the date of finalisation of these Consolidated Financial Statements based on Management's best estimates. The accounting in these areas remains provisional due to the timing of the acquisition, meaning areas including working capital balances are still in the course of resolution.

Measurement of fair values
Intangible customer relationship have been valued using income approach (excess earnings) valuation technique. This approach states that the value of an intangible asset is given by the present value of the earnings it generates, net of a reasonable return on other assets also contributing to that stream of earnings (contributory asset charges).

The rest of the assets and liabilities have been valued using market comparison and cost technique. This approach considers market prices for similar items when they are available, and depreciated replacement cost when appropriate.

From the date of acquisition to 31 December 2020, Computacenter NS contributed £13.5 million to the Group's revenue and a loss of £1.6 million to the Group's profit after tax.

The acquisition of BT Services France resulted in an exceptional gain of £14.0 million, which was recognised on consolidation of the subsidiary. The gain arose because the net assets acquired for consideration of €1 totalled £14.0 million after fair value adjustments, including £27.6 million of cash. The business acquired comprised BT's domestic French services operations which, on acquisition, were making considerable losses on a stand-alone adjusted EBITDA basis. The Company considers that the exceptional gain reflects the future losses that the acquired business will incur over the medium term, as it is brought onto a sustainable footing through a combination of upskilling employees, cross-selling into the Group's customers, alignment with Group processes and systems, and the general improvement of its operating activities. Where possible, future charges relating to this reconfiguration of the acquisition will be disclosed separately to the Group's adjusted[1] results. This will mean that, over time, the future costs incurred are somewhat offset against the exceptional gain on acquisition recognised in the current year.

Results of acquisition from 1 January 2020
If the acquisition of Pivot and Computacenter NS were completed on 1 January 2020, the Group's revenue for the year would have been £6,573.0 million and the Group's profit after tax would have been £155.0 million.

Acquisitions in previous periods
In 2020, no change was recorded to the fair values of PathWorks GmbH (PathWorks) and R.D. Trading Limited (RDC), both of which were acquired in 2019.

19 Inventories

	2020 £'000	2019 £'000
Inventories for re-sale	**211,279**	122,189

20 Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables before provisions	**1,093,232**	970,244
Provision for doubtful debts	**(7,863)**	(6,691)
Provision for credit notes	**(20,308)**	(15,219)
Trade receivables	**1,065,061**	948,334
Other receivables	**30,814**	31,583
	1,095,875	979,917

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

Trade receivables are non-interest bearing and are generally on 30 to 90-day credit terms. Note 27 sets out the Group's strategy towards credit risk.

Other receivables generally arise from transactions outside the usual operating activities of the Group and comprise receivables from tax receivables (VAT, GST, franchise taxes, and sales and use taxes) of £20.8 million (2019: £24.0 million) and other receivables of £10.0 million (2019: £12.8 million). Other receivables are financial assets and are measured at amortised cost.

The movements in the provision for doubtful debts were as follows:

	2020 £'000	2019 £'000
At 1 January	**6,691**	19,858
Transfer to provision for credit notes	**–**	(13,388)
Relating to acquisition	**1,213**	–
Charge for the year	**2,212**	2,834
Utilised	**(734)**	(281)
Unused amounts reversed	**(1,790)**	(2,126)
Foreign currency adjustment	**271**	(206)
At 31 December	**7,863**	6,691

There was no change made to the level of provision for doubtful debts upon the adoption of IFRS 9. The doubtful debt provision is determined as follows:

			Past due but not impaired				
	Total £'000	Neither past due nor impaired £'000	<30 days £'000	30–60 days £'000	60–90 days £'000	90–120 days £'000	>120 days £'000
2020							
Expected loss rate	**0.7%**	**0.1%**	**1.4%**	**4.5%**	**0.6%**	**10.6%**	**29.6%**
Gross carrying amount	**1,093,232**	**944,457**	**54,786**	**22,978**	**52,443**	**5,371**	**13,197**
Provision	**7,863**	**1,276**	**743**	**1,024**	**339**	**571**	**3,910**
2019							
Expected loss rate	0.7%	0.0%	2.3%	0.8%	1.1%	8.7%	26.6%
Gross carrying amount	970,244	831,180	88,197	22,218	9,932	4,518	14,199
Provision	6,691	204	2,022	187	112	393	3,773

During the year the Group has reclassified an element of the provision for doubtful debts into provision for credit notes to better reflect the underlying utilisation and charge related to the provision for doubtful debts in order to more clearly demonstrate the actual level of bad debts and the overall benign debt collection environment that the Group operates within. The credit note provisions relate primarily to trade linked amounts due back to certain debtors arising in the normal course of the agreed trading relationship.

21 Cash and short-term deposits

	2020 £'000	2019 £'000
Cash at bank and in hand	**309,844**	217,881

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 £309.8 million (2019: £217.9 million).

During the year ended 31 December 2020, the Group continued to maintain a strong cash generation and finance its operational requirements from its cash balance. The overdraft facilities are retained by the Group and can be used upon requirement. The uncommitted overdraft facilities available to the Group are £13.5 million at 31 December 2020 (2019: £13.1 million). During 2013, the Group entered into a specific committed facility of £40.0 million. In 2018, this facility was renewed for a second time to a value of £60.0 million and in 2020 it was extended until 8 September 2023. The Company acquired Pivot during the year, which came with a utilised facility of £58.4 million.

Expected credit loss on cash and cash equivalents is negligible and therefore no provision is held.

22 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	**719,737**	641,061
Other payables	**397,004**	334,843
	1,116,741	975,904

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

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

The Group had no short-term supplier extended-term interest-bearing credit facilities (2019: nil).

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.

The Group regularly participates in Industry standard vendor rebate plans, primarily relating to volume discounts on purchases, often paid retrospectively. Rebates are factored into the calculation of purchase cost of inventory valuations. Owing to the nature of these rebate plans, the calculation of rebates is not subject to significant estimation uncertainty, nor is their recognition a matter of significant judgement.

23 a) Financial liabilities

	2020 £'000	2019 £'000
Current		
Bank loans	**47,040**	20,032
Credit facility	**58,435**	–
	105,475	20,032
Non-current		
Bank loans	**15,719**	60,740
	15,719	60,740

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

23 a) Financial liabilities continued

Bank loans

The Group has three principal bank loans:

- A loan of £100.0 million was drawn at 2.05 per cent interest rate to finance the acquisition of FusionStorm. The outstanding balance as at 31 December 2020 was £41.5 million at a revised interest rate of 1.31 per cent. Repayment of this loan commenced in H1 2019 and will continue for two years, with an option to repay early; and
- A total loan of €38.5 million was drawn at various stages between December 2017 and July 2018 to finance the fit out of the new German headquarters building and Integration Center in Kerpen. Further details are shown below:
  - €8.0 million drawn in December 2017, carries fixed interest rate at 1.65 per cent per annum. The balance on this loan as at 31 December 2020 was €3.2 million. Repayments commenced in H1 2018 and will continue for two years;
  - €8.9 million drawn in December 2017 carries fixed interest rate at 1.95 per cent per annum. The balance on this loan as at 31 December 2020 was €6.2 million. Repayments commenced in H1 2018 and will continue for seven years;
  - €8.5 million drawn in July 2018, carries fixed interest rate at 0.95 per cent per annum. The balance on this loan as at 31 December 2020 was €4.1 million. Repayments commenced in H2 2018 and will continue for three years; and
  - €13.1 million was taken out in 2018, carries fixed interest rate at 0.75 per cent per annum. The balance on this loan as at 31 December 2020 was €9.7 million. Repayments commenced in H2 2018 and will continue for seven years.
- A loan balance of £0.3 million via Computacenter China.

Credit facility

- The Pivot Subsidiary has a revolving credit facility via JPMorgan Chase Bank, N.A. ('JPMC') of $225.0 million senior secured asset based. This JPMC Credit Facility can be used for revolving loans, letters of credit, protective advances, over advances, and swing line loans. Advances under the JPMC Credit Facility accrue interest at rates that are equal to, based on certain conditions and at the Company's election either use (a) JPMC's 'prime rate' as announced from time to time plus 0.00 per cent to 0.25 per cent, or (b) LIBOR or a comparable or successor rate that is approved by JPMC, for an interest period of one month plus 1.25 per cent to 1.50 per cent.
- Upon the agreement with the existing lenders, the Pivot subsidiary can increase the commitments under the credit facility by an additional $75.0 million. The lenders under the JPMC Credit Facility are not under any obligation to provide any such additional commitments, and any increase in commitments is subject to several conditions precedent and limitations. The JPMC Credit Facility is scheduled to expire on 14 May 2024.
- Under the terms of the JPMC Credit Facility, the covenants require that Pivot maintain a fixed charge coverage ratio of at least 1.0 to 1.0 on a trailing 12-month basis. Pivot is in compliance with all applicable covenants as at 31 December 2020.
- Amounts owing under the JPMC Credit Facility were $79.8 million and $106.7 million as at 31 December 2020 and 31 December 2019, respectively; and average undrawn availability was $48.3 million and $65.3 million for the years ended 31 December 2020 and 31 December 2019 respectively.

23 b) Lease liabilities

	2020 £'000	2019 £'000
At 1 January 2020	**116,766**	120,606
Implementation of IFRS 16	**–**	35,720
Additions during the year	**49,406**	–
Relating to acquisition of a subsidiary	**12,788**	5,128
Gross payment of lease liabilities	**(47,679)**	(42,346)
Interest relating to lease liabilities	**4,479**	3,728
Early terminations during the year	**(1,335)**	(772)
Exchange adjustment	**3,049**	(5,298)
At 31 December 2020	**137,474**	116,766
Current	**41,683**	36,574
Non-current	**95,791**	80,192
	137,474	116,766

Facilities

At 31 December 2020, the Group had available £13.5 million of uncommitted overdraft facilities (2019: £13.1 million) and a £60.0 million committed facility (2019: £60.0 million).

24 Derivative financial instruments

	2020 £'000	2019 £'000
Financial instruments at fair value through profit and loss		
Foreign exchange forward contracts	**(3,645)**	(852)
Interest rate swaps	**(246)**	–
	(3,891)	(852)
Financial instruments at fair value through other comprehensive income		
Cash flow hedges		
Foreign exchange forward contracts	**468**	2,363
	(3,423)	1,511
Current assets	**1,643**	3,218
Current liabilities	**(5,066)**	(1,707)
	(3,423)	1,511

Cash flow hedges
Financial assets and liabilities at fair value through other comprehensive income
Forward Contracts
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 and Hungarian forint where sales on those contracts are in pound sterling, based on highly probable forecast transactions.

Financial assets and liabilities at fair value through profit or loss
Forward Contracts
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.

Interest rate swaps
The Group's subsidiary Pivot Technology Solutions Inc. entered into an interest rate swap contract in June 20, with a notional amount of $50.0 million, to lock in the LIBOR between 0.34 per cent and 0.7 per cent, resulting in a range of interest rates between 1.59 per cent and 2.2 per cent, covering the full term of the JPMC Credit Facility, scheduled to expire 14 May 2024.

As these interest rate swaps are not designated in hedge relationships they are measured at fair value through profit and loss within administrative expenses. As at 31 December 2020, the interest rate swap was valued at a liability of £0.25 million.

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 Consolidated Income Statement.

The cash flow hedges of the forecasted costs were assessed to be highly effective and a net unrealised gain of £468,000 (2019: £2,363,000) with a deferred tax liability of £71,000 (2019: £440,000) relating to the hedging instruments is included in the Consolidated Statement of Comprehensive Income. The amounts retained in the Consolidated Statement of Comprehensive Income of £468,000 (2019: £2,363,000) are expected to mature and affect the Consolidated Income Statement between 2021 and 2025.

24 Derivative financial instruments continued

Forward currency contracts

At 31 December 2020 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 2020

	Buy currency	Sell currency	Nominal value of contracts	Maturity dates	Contract rates
UK	Sterling	Euros	£14,159,905	Jan 21 – Oct 23	1.095 – 1.117
	Sterling	Swiss francs	£926,879	Jun 21 – Dec 21	1.199
	Sterling	Hungarian forint	£1,554,775	Jan 21 – Jun 22	389.396 – 404.447
	Sterling	Norwegian krone	£18,887	Jan 21	11.7290
	Sterling	Polish zloty	£75,034	Jan 21	5.0750
	Sterling	Singapore dollars	£210,887	Jan 21	1.8050
	Sterling	Australian dollars	£19,752	Jan 21	1.7730
	Sterling	Japanese yen	£300,041	Jan 21	140.790
	Sterling	SA rand	£5,813,216	Jan 21 – Nov 24	19.464 – 27.262
	Sterling	US dollars	£28,602,608	Jan 21 – Mar 21	1.291 – 1.361
	US Dollars	Sterling	$46,371,921	Jan 21 – Jul 23	0.732 – 1.422
	Euros	Sterling	€19,662,323	Jan 21 – Mar 21	0.891 – 1.114
	Hungarian Forint	Sterling	HUF 415,000,000	Feb 21 – Dec 22	391.502 – 409.923
	SA Rand	Sterling	ZAR 209,632,329	Jan 21 – Aug 25	20.134 – 25.303
	Japanese Yen	Sterling	JPY 213,490,193	Feb 21	138.875
	Swedish Krona	Sterling	SEK 3,805,533	Feb 21	11.142
Germany	Euros	Sterling	€828,899	Jan 21	0.901 – 0.914
	Euros	Hungarian forint	€81,490	Jan 21	331.33
	Euros	Mexican peso	€100,940	Jan 21	21.795
	Euros	Polish zloty	€955,969	Jan -21 – Jun 21	4.289 – 4.575
	Euros	US dollars	€68,922,256	Jan 21 – Apr 21	1.171 – 1.230
	US dollars	Euros	$7,500,000	Jan 21	1.168 – 1.170

31 December 2019

	Buy currency	Sell currency	Nominal value of contracts	Maturity dates	Contract rates
UK	Sterling	Euros	£2,703,761	Jan 20 – Dec 21	1.059 – 1.174
	Sterling	SA rand	£9,784,231	Jan 20 – Nov 24	18.374 – 27.262
	Sterling	US dollars	£5,137,156	Jan 20 – Mar 20	1.286 – 1.331
	US dollars	Sterling	$38,764,047	Jan 20 – Jan 22	1.225 – 1.422
	Euros	Sterling	€27,579,307	Jan 20 – Apr 20	0.847 – 0.851
	Swiss francs	Sterling	CHF 2,750,000	Mar 20 – Dec 20	1.2630 – 1.2776
	Hungarian forint	Sterling	HUF 188,000,000	Jan 20 – Dec 20	386.028 – 391.177
	Norwegian krone	Sterling	NOK 1,825,000	Jan 20	11.649
	SA rand	Sterling	ZAR 147,937,146	Jan 20 – Oct 22	18.443 – 23.505
	Polish zloty	Sterling	PLN 6,630,000.00	Jan 20 – Jun 20	5.005 – 5.041
	Singapore dollar	Sterling	SGD35,000	Jan 20	1.784
Germany	Euros	US dollars	€76,959,468	Jan 20 – Mar 20	1.104 – 1.124
	US dollars	Euros	$9,000,000	Jan 20 – Mar 20	1.124 – 1.128

25 Leases as a Lessor

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:

	2020 £'000	2019 £'000
Within one year	**369**	209
After one year	**179**	–

26 Provisions

	Customer contract provisions £'000	Retirement benefit obligation £'000	Property provisions £'000	Other provisions £'000	Total provisions £'000
At 1 January 2019	16,394	7,416	2,751	470	27,031
Arising during the year	2,535	1,344	404	–	4,283
Utilised	(10,639)	(34)	3	–	(10,670)
Relating to acquisition of a subsidiary	–	–	2,000	–	2,000
Exchange adjustment	(475)	(415)	(44)	(25)	(959)
At 31 December 2019	7,815	8,311	5,114	445	21,685
Amount unused reversed	**–**	**–**	**(489)**	**(141)**	**(630)**
Arising during the year	**2,848**	**4,816**	**98**	**–**	**7,762**
Utilisation	**(5,167)**	**(273)**	**170**	**(422)**	**(5,692)**
Relating to acquisition of a subsidiary	**3,598**	**9,914**	**–**	**1,996**	**15,508**
Exchange adjustment	**460**	**508**	**46**	**215**	**1,229**
At 31 December 2020	**9,554**	**23,276**	**4,939**	**2,093**	**39,862**
Current 2020	**3,002**	**–**	**1,058**	**72**	**4,132**
Non-current 2020	**6,552**	**23,276**	**3,881**	**2,021**	**35,730**
	9,554	**23,276**	**4,939**	**2,093**	**39,862**
Current 2019	5,786	–	1,472	445	7,703
Non-current 2019	2,029	8,311	3,642	–	13,982
	7,815	8,311	5,114	445	21,685

Customer contract provision

These provisions result from customer contracts where total cost exceeds total revenue. Refer to note 2.12.1 for further details.

Retirement benefit obligation

The Group has a provision against the retirement benefit obligations in France under the Indemnités de Fin de Carrière (IFC) as described in note 2.12.3 Economic outflows under the obligation only occur if eligible employees reach the statutory retirement age whilst still in employment or made redundant. The Group made £273,000 of payments during 2020 under this obligation (2019: £34,000).

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 increases 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 subject to variation. Management makes use of an independent actuarial valuation in reaching its conclusions.

The net liability recognised in the Consolidated Balance Sheet at 31 December 2020 in respect of the Group's French retirement benefit obligations under the IFC was £23.3 million (2019: £8.3 million). Key movements during the year include a charge to the Consolidated Income Statement of £0.8 million for the service cost and an actuarial loss taken through reserves of £4.3 million. The key driver of actuarial loss this year was the change in demographic assumptions mainly due to change in staff turnover rates assumption in the actuarial valuation.

26 Provisions continued

Property provisions
Assumptions used to calculate the property provisions are based on 100 per cent of the market value of the rental charges plus any contractual dilapidation expenses on empty properties and the Directors' best estimates of the likely time before the relevant leases can be reassigned or sublet, which ranges between one and 15 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.

Other provisions
Included within other provisions are legal claims and other costs associated with the completion of the acquisition of Computacenter NS.

27 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 page 68.

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.

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 and considers forward-looking information to determine the appropriate expected credit loss for the whole remaining life of the trade receivable. 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 £70.0 million deposited at any one time.

Aside from the counterparty risk above, 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
2020		
Sterling	+25	**355**
Euro	+25	**(60)**
US dollars	+25	**230**
2019		
Sterling	+25	(25)
Euro	+25	38
US dollars	+25	374

The impact of a reasonable 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 Consolidated Financial Statements is not materially different from their carrying amount.

Exchange rate sensitivity
The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and receivables are denominated and the respective functional currencies of Group companies. The functional currencies of material overseas subsidiaries are primarily the euro (€), US dollar (USD), South African rand (ZAR) and Swiss franc (CHF).

The Group's risk management policy is to hedge all of its expected foreign currency exposure in respect of sales and purchases as soon as these are committed. The Group uses forward exchange contracts to hedge its currency risk. The principal currencies hedged by forward foreign exchange contracts are US dollar (USD), euro (€), South African rand (ZAR) and Hungarian Forint (HUF).

However, the hedge accounting is mainly applied to the expected trading cash flows denominated in ZAR, HUF, USD and € where the exposure extends beyond one year and there is a strong expectation that the expected future foreign currency cash flow will occur. The Group uses forward foreign exchange contracts, designated as cash flow hedges, to hedge these cash flows. When a commitment is entered into, forward foreign exchange contracts are normally used to increase the hedge to 100 per cent of the expected exposure although between 80 per cent and 110 per cent of the expected exposure should be hedged to meet risk management policy. The Group designates all of its forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:
- the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates;
- actual cash flows in foreign currencies varying from forecast cash flows; and
- changes in the timing of the hedged transactions.

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.

The summary quantitative data about the Group's exposure to currency risk as reported to the Management of the Group is as follows:

	31 December 2020 £'000		31 December 2019 £'000	
	$	€	$	€
Trade and other receivables	**409,341**	**569,770**	167,317	615,233
Trade and other payables	**(422,358)**	**(550,978)**	(144,328)	(649,600)
Forecast future cash flow (net)	**58,407**	**(15,216)**	21,941	18,951
	45,390	**3,576**	44,930	(15,416)
Forward exchange contracts	**(45,390)**	**(3,576)**	(44,930)	15,416
Net exposure	**–**	**–**	–	–

27 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 discounted payments:

	On demand £'000	<3 months £'000	3–12 months £'000	1–2 years £'000	2–5 years £'000	>5 years £'000	Total £'000
Year ended 31 December 2020							
Bank Loans and Credit facility	**58,435**	**1,581**	**45,459**	**5,186**	**6,910**	**3,623**	**121,194**
Lease Liabilities	**–**	**10,466**	**31,397**	**29,321**	**42,388**	**23,902**	**137,474**
Derivative financial instruments	**–**	**4,155**	**327**	**337**	**247**	**–**	**5,066**
Trade and other payables	**–**	**1,116,741**	**–**	**–**	**–**	**–**	**1,116,741**
	58,435	**1,132,943**	**77,183**	**34,844**	**49,545**	**27,525**	**1,380,475**

	On demand £'000	<3 months £'000	3–12 months £'000	1–2 years £'000	2–5 years £'000	>5 years £'000	Total £'000
Year ended 31 December 2019							
Bank Loans	–	1,231	18,120	46,494	9,445	5,482	80,772
Lease Liabilities	–	10,797	25,778	27,598	37,568	15,025	116,766
Derivative financial instruments	–	1,449	155	89	14	–	1,707
Trade and other payables	–	978,220	–	–	–	–	978,220
	–	991,697	44,053	74,181	47,027	20,507	1,177,465

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	1–2 years £'000	2–5 years £'000	>5 years £'000	Total £'000
Year ended 31 December 2020							
Bank Loans and Credit facility	**58,435**	**1,652**	**45,770**	**5,354**	**7,175**	**3,672**	**122,058**
Lease Liabilities	**–**	**12,470**	**33,308**	**32,447**	**46,567**	**27,734**	**152,526**
Derivative financial instruments	**–**	**4,155**	**327**	**337**	**247**	**–**	**5,066**
Trade and other payables	**–**	**1,116,741**	**–**	**–**	**–**	**–**	**1,116,741**
	58,435	**1,135,018**	**79,405**	**38,138**	**53,989**	**31,406**	**1,396,391**

	On demand £'000	<3 months £'000	3–12 months £'000	1–2 years £'000	2–5 years £'000	>5 years £'000	Total £'000
Year ended 31 December 2019							
Bank Loans	–	1,578	18,871	46,849	9,798	5,587	82,683
Lease Liabilities	–	10,825	28,928	29,749	40,520	15,929	125,951
Derivative financial instruments	–	1,449	155	89	14	–	1,707
Trade and other payables	–	978,220	–	–	–	–	978,220
	–	992,072	47,954	76,687	50,332	21,516	1,188,561

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).

Derivative financial instruments
At 31 December 2020 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net liability of £3,177,000 (2019: net asset of £1,511,000).

At 31 December 2020 the Group had Interest rate swap, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net liability of £246,000 (2019: nil).

The realised gains from forward currency contracts in the year to 31 December 2020 of £2,363,000 (2019: £3,278,000) with a deferred tax liability of £440,000 (2019: £616,000), are offset by broadly equivalent realised losses on the related underlying transactions.

28 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 Company's Dividend Policy is to maintain a dividend cover of between 2 to 2.5 times. In 2020, the cover was 2.5 times on an adjusted[1] profit basis (2019: 2.5 times). Given the events that unfolded during 2020, the final dividend for 2019 which was expected to be paid in June 2020 was not paid in light of market uncertainty and the operating environment at the time and therefore dividend cover increased substantially.

Capital, defined as net funds[3], that the Group monitors is disclosed in note 31.

Each operating country manages its 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. Management intends to implement Group policies into acquired businesses over time with the introduction of systems, reward mechanisms and other operational practices that support these policies.

The Group regularly reviews the adequacy of its facilities against any foreseeable peak borrowing requirement. See note 21 for details on uncommitted overdraft facilities available to the Group.

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 loan. Whilst the outstanding amounts of these contracts ('CSF') are included within net funds[3] for statutory reporting purposes, the Group has previously excluded these when managing the net funds[3] 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 Technology Sourcing resale and services activities. From 1 January 2019 CSFs were reclassified as lease liabilities following the adoption of IFRS 16. From this point adjusted net funds[3] excludes all lease liabilities.

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[3] of the business, and accordingly includes these deposits within adjusted net funds[3].

Capital is allocated across the Group, in order to minimise its 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. An internal cash pooling arrangement has been implemented which utilises internal Group financing arrangements (excluding acquisitions).

Within the Group's European region, the capital base is primarily utilised to finance its fixed assets and working capital requirements. It 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 Technology Sourcing business via distributors in order to reduce the working capital requirements of the business.

The Pivot subsidiary is subject to certain key financial covenants under its JPMC Credit facility. These covenants, which include fixed charge ratios as defined in the agreement, are monitored regularly to ensure compliance. As at 31 December 2020, the Pivot subsidiary was in compliance with all covenants. The Company is not subject to any externally imposed capital requirements.

29 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 have been amended to reflect this change.

Issued share capital – ordinary shares

Issued and fully paid	$7\frac{5}{9}$p ordinary shares No. '000	Total £'000
At 1 January 2020 and 31 December 2020	**122,688**	**9,270**

During the year, the issued share capital remained unchanged.

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 Executive Directors and certain senior Management (note 30).

Asset reunification

During the financial year 2019, following the changes to our Articles of Association approved at our AGM on 16 May 2019, the Company, in conjunction with our Registrar, conducted an asset reunification exercise during the year. A total of 21,458 shares were forfeited from 355 shareholders with a total of £0.2 million returned to the Company from the sale of the shares. These funds have been allocated by the Board to be used to support the charitable partners selected by our employees.

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 (2019: nil).

Own shares held

Own shares held comprise the following:

i) Computacenter Employee Share Ownership Plan (ESOP)

Shares in the Parent undertaking comprise 988,505 ordinary shares of $7\frac{5}{9}$ pence each in Computacenter plc (2019: 1,277,699) 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 0.81 per cent (2019: 1.04 per cent) of the Company's issued share capital.

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 $7\frac{5}{9}$ pence each in Computacenter plc under other employee share plans of the Group, namely the Computacenter Service Group plc Approved Executive Share Option Plan, the Computacenter plc Employee Share Option Scheme 1998, the Computacenter Service Group plc Unapproved Executive Share Option Scheme, the Computacenter Performance Related Share Option Scheme 1998, the Computacenter plc 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 988,505 ordinary shares of $7\frac{5}{9}$ pence each (2019: 1,277,699) that it owns which are all unallocated shares.

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

The total shares held are nil ordinary shares of $7\frac{5}{9}$ pence each (2019: 228,965), which represents nil per cent (2019: 0.19 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 2020 was nil (2019: £4,059,549). The Quest Trustees have waived dividends in respect of all of these shares. During the year, the Quest subscribed for nil $7\frac{5}{9}$ pence ordinary shares (2019: nil).

iii) Treasury shares

The Company holds the ordinary shares purchased pursuant to the Tender Offer in treasury. Immediately following the purchase, the Company's issued share capital consisted of 122,687,970 ordinary shares of 7⅗ pence each, each carrying one voting right, of which the Company held 8,546,861 ordinary shares in treasury.

As at 31 December 2020, the total number of voting rights in the Company which may be used by shareholders as the denominator for the calculations by which they can determine if they are required to notify their interest in, or a change to their interest in, the Company under the Disclosure and Transparency Rules is 114,141,109. The percentage of voting rights attributable to those shares it holds in treasury following the share buy-back is 6.97 per cent.

Translation and hedging reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the Financial Statements of foreign subsidiaries. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. Included within Translation and hedging reserves is a hedging reserve credit balance of £652,000 (2019: £873,000 debit balance).

Non-Controlling Interests

The non-controlling amounts are as follows:

	2020 £'000	2019 £'000
Applied Computer Solutions (ACS)	**614**	–
ProSys Information Systems, Inc (ProSys)	**2,549**	–
R.D. Trading Limited (RDC)	**(39)**	(78)
	3,124	(78)

30 Share-based payments

Computacenter Performance Share Plan (PSP)

Under the Computacenter PSP, shares granted will be subject to certain performance conditions as described in the Annual Remuneration Report. At 31 December 2020 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	2020 Number outstanding	2019 Number outstanding
23/03/2012	23/03/2015	433.0p	**1,685**	2,285
03/05/2013	21/03/2016	440.0p	**–**	6,614
20/03/2014	20/03/2017	682.5p	**21,150**	68,645
26/03/2015	26/03/2018	720.0p	**46,170**	66,329
22/03/2016	22/03/2019	847.0p	**69,884**	94,953
22/03/2017	22/03/2020	736.5p	**196,189**	631,319
21/03/2018	21/03/2020	1182.67p	**–**	19,341
21/03/2018	21/03/2021	1182.67p	**254,836**	255,240
21/03/2018	21/03/2023	1182.67p	**139,092**	139,092
18/05/2018	18/05/2021	1314.00p	**18,256**	22,334
01/10/2018	18/05/2021	1314.00p	**14,985**	14,985
21/03/2019	21/03/2020	1192.00p	**–**	18,130
21/03/2019	21/03/2021	1192.00p	**18,131**	18,131
21/03/2019	21/03/2022	1192.00p	**488,166**	496,737
23/03/2020	23/03/2023	993.00p	**24,303**	–
23/03/2020	21/03/2022	993.00p	**24,303**	–
23/03/2020	21/03/2022	993.00p	**441,502**	–
23/03/2020	21/03/2022	993.00p	**173,892**	–
11/05/2020	21/03/2022	1472.00p	**2,853**	–
02/11/2020	21/03/2022	2265.00p	**14,504**	–
			1,949,901	1,854,135

30 Share-based payments continued

The following table illustrates the number (No.) of share options for the PSP Scheme:

	2020 No.	2019 No.
PSP Scheme		
Outstanding at the beginning of the year	**1,854,135**	1,848,807
Granted during the year	**696,036**	541,236
Forfeited during the year	**(83,033)**	(123,803)
Exercised during the year***	**(517,237)**	(412,105)
Outstanding at the end of the year	**1,949,901**	1,854,135
Exercisable at the end of the year	**335,078**	238,826

*** The weighted average share price at the date of exercise for the options exercised is £13.89 (2019: £11.06).

The weighted average remaining contractual life for the options outstanding as at 31 December 2020 is 1.4 years (2019: 1.1 years).

Computacenter Sharesave Scheme (SAYE)

The Group operates a Sharesave Scheme which is available to all employees and full time Executive Directors of the Group 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, 762,623 options were granted (2019: 1,016,492) with a fair value of £5,108,756 (2019: £3,974,764).

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

Date of grant	Exercisable between	Share price	2020 Number outstanding	2019 Number outstanding
October 2014	01/12/2019 – 31/05/2020	524.00p	–	95,890
October 2015	01/12/2020 – 31/05/2021	600.00p	**117,202**	561,503
October 2016	01/12/2019 – 31/05/2020	649.00p	–	41,921
October 2016	01/12/2021 – 31/05/2022	577.00p	**477,236**	509,661
October 2017	01/12/2020 – 01/06/2021	888.00p	**68,174**	306,288
October 2017	01/12/2022 – 01/06/2023	789.00p	**608,309**	645,958
October 2018	01/12/2021 – 01/06/2022	1,186.00p	**245,416**	271,327
October 2018	01/12/2023 – 01/06/2024	1,054.00p	**489,356**	519,633
October 2019	01/12/2022 – 01/06/2023	1,138.00p	**285,361**	305,802
October 2019	01/12/2024 – 01/06/2025	1,011.00p	**613,215**	636,697
October 2019	01/12/2021 – 01/06/2022	1,138.00p	**64,062**	69,857
October 2020	01/12/2023 – 01/06/2024	2,092.00p	**219,558**	–
October 2020	01/12/2025 – 01/06/2026	1,860.00p	**523,949**	–
October 2020	01/12/2022 – 01/06/2023	2,092.00p	**14,370**	–
			3,726,208	3,964,537

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of share options for the Sharesave Scheme:

	2020 No.	2020 WAEP	2019 No.	2019 WAEP
Sharesave Scheme				
Outstanding at the beginning of the year	**3,964,537**	**£8.65**	4,209,927	£7.41
Granted during the year	**762,623**	**£19.30**	1,016,492	£10.58
Forfeited during the year	**(165,646)**	**£9.87**	(234,666)	£8.19
Exercised during the year***	**(835,306)**	**£ 6.76**	(1,027,216)	£5.56
Outstanding at the end of the year	**3,726,208**	**£11.20**	3,964,537	£8.65
Exercisable at the end of the year	**200,917**	**£7.20**	163,790	£6.20

Note
*** The weighted average share price at the date of exercise for the options exercised is £21.11 (2019: £10.94).

The weighted average remaining contractual life for the options outstanding as at 31 December 2020 is 3.0 years (2019: 3.1 years).

The fair value of the PSP, DBP and SAYE 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 2020 and 31 December 2019:

2020

Nature of the arrangement	PSP scheme	PSP scheme	PSP scheme	PSP scheme	PSP scheme	DBP scheme	DBP scheme	SAYE scheme	SAYE scheme	SAYE scheme
Date of grant	23/03/20	23/03/20	23/03/20	02/11/20	11/05/20	23/03/20	23/03/20	01/12/20	01/12/20	01/12/20
Number of instruments granted	440,170	173,892	16,011	14,504	2,853	24,303	24,303	14,370	221,217	527,036
Exercise price	nil	nil	nil	nil	nil	nil	nil	£20.92	£20.92	£18.60
Share price at date of grant	£9.93	£9.93	£9.93	£22.65	£14.72	£9.93	£9.93	£23.58	£23.58	£23.58
Contractual life (years)	3	5	3	3	3	1	2	2	3	5
Vesting conditions	See note 1 below	See the Annual Remuneration Report on page 84 in 2019 Annual Report and Accounts	Three-year service period	See note 1 below	See note 1 below	See the Annual Remuneration Report on page 84 in 2019 Annual Report and Accounts	See the Annual Remuneration Report on page 84 in 2019 Annual Report and Accounts	Two-year service period and savings requirement	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	n/a	n/a	n/a	n/a	44.73%	42.00%	36.30%
Expected option life at grant date (years)	3	5	3	3	3	1	2	2	3	5
Risk-free interest rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.08%	3.08%	3.08%
Dividend yield	2.30%	2.30%	2.30%	0.60%	1.70%	2.30%	2.30%	0.57%	0.57%	0.57%
Fair value per granted instrument determined at grant date	£9.82	£9.82	£9.82	22.25	£14.01	£10.28	£10.05	£5.87	£6.24	£6.93

30 Share-based payments continued

2019

Nature of the arrangement	PSP scheme	PSP scheme	PSP scheme	PSP scheme	PSP scheme	DBP scheme	DBP scheme	SAYE scheme	SAYE scheme
Date of grant	21/03/19	21/03/19	21/03/19	21/03/19	21/03/19	21/03/19	01/12/19	01/12/19	01/12/19
Number of instruments granted	305,505	42,701	141,988	14,781	18,130	18,131	69,914	308,814	637,764
Exercise price	nil	nil	nil	nil	nil	nil	£11.38	£11.38	£10.11
Share price at date of grant	£11.92	£11.92	£11.92	£11.92	£11.92	£11.92	£15.11	£15.11	£15.11
Contractual life (years)	3	3	5	3	1	2	2	3	5
Vesting conditions	See note 1 below	See the Annual Remuneration Report on page 84 in 2018 Annual Report and Accounts	See the Annual Remuneration Report on page 84 in 2018 Annual Report and Accounts	See note 1 below	See the Annual Remuneration Report on page 84 in 2018 Annual Report and Accounts	See the Annual Remuneration Report on page 84 in 2018 Annual Report and Accounts	Two-year service period and savings requirement	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	n/a	n/a	n/a	35.60%	32.70%	29.90%
Expected option life at grant date (years)	3	3	5	3	1	2	2	3	5
Risk-free interest rate	n/a	n/a	n/a	n/a	n/a	n/a	2.50%	2.50%	2.50%
Dividend yield	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.37%	2.37%	2.37%
Fair value per granted instrument determined at grant date	£11.05	£11.05	£10.49	£11.05	£11.62	£11.33	£4.32	£4.33	£4.92

Note
1. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 19 May 2015. 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.

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.

31 Analysis of changes in net funds

	At 1 January 2020 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2020 £'000
Cash and cash equivalents	**217,881**	**84,760**	**–**	**7,203**	**309,844**
Bank loans and credit facility	**(80,772)**	**(42,493)**	**–**	**2,071**	**(121,194)**
Adjusted net funds[3] (excluding lease liabilities)	**137,109**	**42,267**	**–**	**9,274**	**188,650**
Lease liabilities	**(116,766)**	**47,679**	**(65,338)**	**(3,049)**	**(137,474)**
Net funds	**20,343**	**89,946**	**(65,338)**	**6,225**	**51,176**

The financing cash flows included in the table above are detailed as follows:

	Bank loans	Credit facility	Others	Lease liabilities	Liabilities from financing activities
Balance at 1 January 2020	**(80,772)**	**–**	**–**	**(116,766)**	**(197,538)**
Changes from financing cash flows					
Interest paid	1,757	–	185	–	1,942
Interest paid on lease liabilities	–	–	–	4,479	4,479
Repayment of loans	19,407	–	–	–	19,407
Repayment of Credit facility	–	614	–	–	614
Payment of capital element of lease liabilities	–	–	–	43,200	43,200
New borrowings – Credit facility	–	(62,225)	–	–	(62,225)
New Borrowings – Bank Loan	(289)	–	–	–	(289)
Total changes from financing cash flows	**20,875**	**(61,611)**	**185**	**47,679**	**7,128**
The effect of changes in foreign exchange rates	**(1,105)**	**3,176**	**–**	**(3,049)**	**(978)**
Other changes					
New leases	–			(49,406)	(49,406)
New leases relating to acquisition of a subsidiary	–			(12,788)	(12,788)
Early termination of leases	–			1,335	1,335
Interest expense	(1,757)	–	(185)	(4,479)	(6,421)
Total other changes	**(1,757)**	**–**	**(185)**	**(65,338)**	**(67,280)**
Balance at 31 December 2020	**(62,759)**	**(58,435)**	**–**	**(137,474)**	**(258,668)**

31 Analysis of changes in net funds continued

	At 1 January 2019 £'000	Implementation of IFRS 16 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2019 £'000
Cash and cash equivalents	200,442	–	24,388	–	(6,949)	217,881
Bank loans	(134,234)	–	51,755	–	1,707	(80,772)
Adjusted net funds[3] (excluding CSF and lease liabilities)	66,208	–	76,143	–	(5,242)	137,109
CSF leases	(8,928)	8,928	–	–	–	–
Lease liabilities	–	(120,606)	42,346	(43,793)	5,287	(116,766)
Total lease liabilities	(8,928)	(111,678)	42,346	(43,793)	5,287	(116,766)
Net funds	57,280	(111,678)	118,489	(43,793)	45	20,343

The financing cash flows included in the table above are detailed as follows:

	Bank loans	Others	Lease liabilities	CSF leases	Liabilities from financing activities
Balance at 1 January 2019	**(134,234)**	**–**	**–**	**(8,928)**	**(143,162)**
Interest paid	2,406	912	–	–	3,318
Interest paid on lease liabilities	–	–	3,728	–	3,728
Repayment of loans	51,755	–	–	–	51,755
Payment of capital element of lease liabilities	–	–	38,618	–	38,618
Total changes from financing cash flows	**54,161**	**912**	**42,346**	**–**	**97,419**
The effect of changes in foreign exchange rates	**1,707**	**–**	**5,298**	**–**	**7,005**
Other changes					
Implementation of IFRS 16	–	–	(120,606)	8,928	(111,678)
New leases	–	–	(35,720)	–	(35,720)
New leases relating to acquisition of a subsidiary	–	–	(5,128)	–	(5,128)
Early termination of leases	–	–	772	–	772
Interest expense	(2,406)	(912)	(3,728)	–	(7,046)
Total other changes	**(2,406)**	**(912)**	**(164,410)**	**8,928**	**(158,800)**
Balance at 31 December 2019	**(80,772)**	**–**	**(116,766)**	**–**	**(197,538)**

32 Capital commitments

At 31 December 2020, the Group held £0.8 million commitment for capital expenditure (2019: no significant commitments).

33 Pensions and other post-employment benefit plans

The Group operates a defined contribution pension scheme available to all UK employees and similar schemes are operating, as appropriate for the jurisdiction, for North America and Germany. The amount recognised as an expense for this plan is detailed in note 9. Details of the Retirement Benefit obligation for Computacenter France are given below.

	2020 £'000	2019 £'000
Total defined benefit liability	**23,276**	8,311

Movements in total defined benefit liability:

	2020 £'000	2019 £'000
Balance at 1 January	**8,311**	7,416
Pension liability acquired	**9,914**	–
Included in Consolidated Income Statement		
Current service cost	**687**	492
Interest cost	**72**	107
	759	599
Included in Consolidated Statement of Comprehensive Income		
Remeasurements loss		
Actuarial loss arising from:	**4,056**	752
– Changes in demographic assumptions	**3,255**	750
– Change in financial assumptions	**622**	–
– Experience adjustment	**179**	2
Effect of movements in exchange rates	**509**	(423)
	4,565	329
Other		
Contributions paid by the employer		
Benefits paid	**(273)**	(33)
	(273)	(33)
Balance at 31 December	**23,276**	8,311

Actuarial assumptions

The following are the principal actuarial assumptions at 31 December (expressed as weighted averages):

	2020 %	2019 %
Discount rate	**0.50**	1.50
Future salary growth	**1.50**	0.76
Turnover rates:		
– Non-managers	**5.70**	17.20
– Supervisors	**2.70**	12.60
– Executives	**2.70**	10.20

At 31 December 2020, the discount rate used was 0.5 per cent (2019: 1.5 per cent) with reference to the iBoxx € Corporate AA 10y + index.

33 Pensions and other post-employment benefit plans continued

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2020 £'000		2019 £'000	
	Increase	Decrease	Increase	Decrease
Discount rate (1 per cent movement)	**2,776**	**(3,318)**	959	(1,130)
Future salary growth (1 per cent movement)	**(3,316)**	**2,828**	(1,112)	964
Turnover rates (1 per cent movement)	**782**	**(994)**	641	(721)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

34 Related party transactions

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

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

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

	2020 £'000	2019 £'000
Biomni Limited		
Sales to related parties	**64**	32
Purchase from related parties	**648**	654
Receivables from related parties	**18**	–
Amounts owed to related parties	**6**	6

Terms and conditions of transactions with related parties

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 106 for details of compensation given. A summary of the compensation of key management personnel is provided below:

	2020 £'000	2019 £'000
Short-term employee benefits	**2,237**	2,447
Social security costs	**435**	422
Share-based payment transactions	**2,275**	2,623
Pension costs	**41**	40
Total compensation paid to key management personnel	**4,988**	5,532

The interests of the key management personnel in the Group's share incentive schemes are disclosed in the Annual Remuneration Report on pages 109 to 111.

35 Contingent liabilities

The Company has given a guarantee in the normal course of business to suppliers of subsidiary undertakings for an amount not exceeding £134.0 million (2019: £130.1 million).

Company Balance Sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Intangible assets	3	**25,221**	33,721
Investment property	4	**12,967**	14,000
Investments	5	**344,147**	333,961
		382,335	381,682
Current assets			
Debtors	6	**71,331**	135
Prepayments		**159**	348
Cash at bank and in hand		**35**	278
		71,525	761
Total assets		**453,860**	382,443
Current liabilities			
Trade and other payables	7	**–**	16,709
Financial liabilities	8	**41,570**	15,107
Income tax payable		**6**	331
		41,576	32,147
Non-current liabilities			
Financial liabilities	8	**–**	40,890
		–	40,890
Total liabilities		**41,576**	73,037
Net assets		**412,284**	309,406
Capital and reserves			
Issued share capital	12	**9,270**	9,270
Share premium		**3,942**	3,942
Capital redemption reserve		**74,957**	74,957
Merger reserve		**55,990**	55,990
Own shares held		**(111,613)**	(113,563)
Retained earnings		**379,738**	278,810
Shareholders' equity		**412,284**	309,406

Approved by the Board on 15 March 2021.

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

Company Statement of Changes in Equity

For the year ended 31 December 2020

	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Own shares held £'000	Retained earnings £'000	Shareholders' equity £'000
At 1 January 2020	**9,270**	**3,942**	**74,957**	**55,990**	**(113,563)**	**278,810**	**309,406**
Profit for the year	–	–	–	–	–	**121,924**	**121,924**
Total comprehensive income for the year	–	–	–	–	–	**121,924**	**121,924**
Exercise of options	–	–	–	–	**20,901**	**(15,226)**	**5,675**
Share options granted to employees of subsidiary companies	–	–	–	–	–	**8,173**	**8,173**
Purchase of own shares	–	–	–	–	**(18,951)**	–	**(18,951)**
Equity dividends	–	–	–	–	–	**(13,943)**	**(13,943)**
At 31 December 2020	**9,270**	**3,942**	**74,957**	**55,990**	**(111,613)**	**379,738**	**412,284**
At 1 January 2019	9,270	3,942	74,957	55,990	(113,474)	297,835	328,520
Profit for the year	–	–	–	–	–	19,825	19,825
Total comprehensive income for the year	–	–	–	–	–	19,825	19,825
Exercise of options	–	–	–	–	15,798	(10,071)	5,727
Share options granted to employees of subsidiary companies	–	–	–	–	–	6,775	6,775
Purchase of own shares	–	–	–	–	(15,887)	–	(15,887)
Equity dividends	–	–	–	–	–	(35,764)	(35,764)
Asset reunification	–	–	–	–	–	210	210
At 31 December 2019	9,270	3,942	74,957	55,990	(113,563)	278,810	309,406

Notes to the Company Financial Statements

For the year ended 31 December 2020

1 Authorisation of Financial Statements and statement of compliance with FRS 101

The Parent Company Financial Statements of Computacenter plc (the Company) for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 15 March 2021 and the Balance Sheet was signed on the Board's behalf by MJ Norris and FA Conophy. Computacenter plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Financial Statements are prepared under the historical cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The results of Computacenter plc are included in the Consolidated Financial Statements of Computacenter plc which are available from Computacenter plc, Hatfield Business Park, Hatfield Avenue, Hatfield, AL10 9TW. The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2020. The Financial Statements are prepared in pound sterling and are rounded to the nearest thousand pounds (£'000).

2 Summary of significant accounting policies

Basis of preparation

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment;
(b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
(c) the requirements of IFRS 7 Financial Instruments: Disclosures;
(e) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
(f) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  (iii) paragraph 118(e) of IAS 38 Intangible Assets;
  (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  (v) paragraph 50 of IAS 41 Agriculture.
(g) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
(h) the requirements of IAS 7 Statement of Cash Flows;
(i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(j) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(k) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
(l) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The basis for all of the above exemptions is because equivalent disclosures are included in the Consolidated Financial Statements of the Group in which the entity is consolidated.

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

2 Summary of significant accounting policies continued

Investment property

Investment property is defined as land and/or buildings held by the Company to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in supply of goods or services or for administrative purposes. The Company recognises any part of an owned (or leased under a finance lease) property that is leased to third-parties as investment property, unless it represents an insignificant portion of the property.

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, the Company elected to measure investment property at cost less accumulated depreciation and accumulated impairment losses, if any (i.e. applying the same accounting policies (including useful lives) as for property, plant and equipment). The fair values, which reflect the market conditions at the balance sheet date, are disclosed in note 4.

Investments

Fixed asset investments are shown at cost less provision for impairment.

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 accounting policy in relation to share-based payment transactions is disclosed in full in the Consolidated Financial Statements. In addition to that, the financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings are recognised by the Company in its individual Financial Statements as an increase in its investment in subsidiaries with a credit to equity equivalent to the IFRS 2 cost in subsidiary undertakings.

On transition to IFRS, the Group did not apply the measurement rules of IFRS 2 to equity-settled awards granted before 7 November 2002 or granted after that date and vested before 1 January 2005. However, later modifications of such equity instruments are measured under IFRS 2.

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.

Own shares held

Shares in the Company, held by the Company, 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.

Merger accounting and the merger reserve

Prior to 1 January 2013, certain significant business combinations were accounted for using the 'pooling of interests method' (or merger accounting), which treats the merged groups as if they had been combined throughout the current and comparative accounting periods. Merger accounting principles for these combinations gave rise to a merger reserve in the Consolidated Balance Sheet, being the difference between the nominal value of new shares issued by the Parent Company for the acquisition of the shares of the subsidiary and the subsidiary's own share capital and share premium account. These transactions have not been restated, as permitted by the IFRS 1 transitional arrangements.

The merger reserve is also used where more than 90 per cent of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 1985 and, from 1 October 2009, the Companies Act 2006.

3 Intangible assets

	Intellectual property £'000
Cost	
At 1 January 2020 and 31 December 2020	**169,737**
Accumulated amortisation	
At 1 January 2020	**136,016**
Charge in the year	**8,500**
At 31 December 2020	**144,516**
Net book value	
At 31 December 2020	**25,221**
At 31 December 2019	33,721

4 Investment properties

	Freehold land and buildings £'000
Cost	
At 1 January 2020 and 31 December 2020	**42,350**
Accumulated depreciation	
At 1 January 2020	**28,350**
Charge in the year	**1,033**
At 31 December 2020	**29,383**
Net book value	
At 31 December 2020	**12,967**
At 31 December 2019	14,000

Investment property represents a building owned by the Company that is leased to Computacenter (UK) Ltd, a fully owned subsidiary of the Company.

The fair value of investment property amounted to £38.5 million at 31 December 2020 (2019: £38.4 million). The fair values for disclosure purposes have been determined using either the support of qualified independent external valuers or by internal valuers with the necessary recognised and relevant professional qualification, applying a combination of the present value of future cash flows and observable market values of comparable properties. Management's most recent external valuation of this property took place in February 2016. As this property is leased to a subsidiary and is carried at depreciated cost value, an updated external valuation was not sought at 31 December 2020.

5 Investments

	Investments in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Investment £'000	Total £'000
Cost				
At 1 January 2020	**449,950**	**2,754**	**25**	**452,729**
Additions	**8,051**	**–**	**–**	**8,051**
Impairment	**(6,038)**	**–**	**–**	**(6,038)**
Share-based payments	**8,173**	**–**	**–**	**8,173**
At 31 December 2020	**466,174**	**2,754**	**25**	**468,953**
Amounts provided				
At 1 January 2020	115,989	2,754	25	118,768
Provided during the year	6,038	–	–	6,038
At 31 December 2020	**122,027**	**2,754**	**25**	**124,806**
Net book value				
At 31 December 2020	**344,147**	**–**	**–**	**344,147**
At 31 December 2019	333,961	–	–	333,961

During the year, the Company received a return of capital of £7.4 million, from its subsidiary Computacenter Managed Services GmbH which undertook a capital reduction.

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 note 18 to the Consolidated Financial Statements.

6 Debtors

	2020 £'000	2019 £'000
Amount owed by subsidiary undertaking	**71,200**	–
Other debtors	**125**	127
Deferred tax	**6**	8
	71,331	135

Amounts owned by subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand. Expected credit losses are considered to be immaterial.

7 Trade and other payables

	2020 £'000	2019 £'000
Amount owed to subsidiary undertaking	**–**	16,709

8 Financial liabilities

	2020 £'000	2019 £'000
Current		
Bank loan	**41,570**	15,107
Non-current		
Bank loan	**–**	40,890

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

Bank loans
A loan of £100.0 million was drawn at 2.05 per cent interest rate to finance the acquisition of FusionStorm. The outstanding balance as at 31 December 2020 was £41.4 million at a revised interest rate of 1.31 per cent. Repayment of this loan commenced in H1 2019 and will continue for two years, with an option to repay early.

9 Contingent liabilities
The Company has given a guarantee in the normal course of business to suppliers of subsidiaries undertaking for an amount not exceeding £134.0 million (2019: £130.1 million).

The Company has provided cross guarantees in respect of certain bank loans and overdrafts of its subsidiary undertakings. The amount outstanding at 31 December 2020 is £nil (2019: £nil).

10 Auditor's remuneration
All auditor's remuneration is borne by Computacenter (UK) Ltd, a fully-owned UK subsidiary of the Company. The amount payable to the auditor in respect of the audit of the Company is £125,000 (2019: £125,000), all of which is payable to KPMG LLP. The Company is exempt from providing details of non-audit fees as it prepares Consolidated Financial Statements in which the details are required to be disclosed on a consolidated basis (see note 7 to the Consolidated Financial Statements).

11 Distributable reserves
Dividends are paid from the standalone Balance Sheet of Computacenter plc, and as at 31 December 2020, the distributable reserves are approximately £268 million (2019: £165 million).

12 Issued share capital
Asset reunification
During the financial year 2019, following the changes to our Articles of Association approved at our AGM on 16 May 2019, the Company, in conjunction with our Registrar, conducted an asset reunification exercise during the year. A total of 21,458 shares were forfeited from 355 shareholders with a total of £0.2 million returned to the Company from the sale of the shares. These funds have been allocated by the Board to be used to support the charitable partners selected by our employees.

Disclaimer: forward-looking statements
This Annual Report and Accounts includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'anticipates', 'believes', 'estimates', 'expects', 'intends', 'may', 'plans', 'projects', 'should' or 'will', or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and Accounts and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, amongst other things, results of operations, prospects, growth, strategies and expectations of its respective businesses.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations and the development of the markets and the industry in which they operate or are likely to operate and their respective operations may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report and Accounts. In addition, even if the results of operations and the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this Annual Report and Accounts, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, those risks in the risk factor section of this Annual Report and Accounts, as well as general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations or advancements in research and development.

Forward-looking statements speak only as of the date of this Annual Report and Accounts and may, and often do, differ materially from actual results. Any forward-looking statements in this Annual Report and Accounts reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy.

Neither Computacenter plc nor any of its subsidiaries undertakes any obligation to update the forward-looking statements to reflect actual results or any change in events, conditions or assumptions or other factors unless otherwise required by applicable law or regulation.

Group five-year financial review and dates

Group five-year summary results

As of 31 December

	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m
Revenue	3,245.4	3,793.4	4,352.6	5,052.8	**5,441.3**
Adjusted[1] operating profit	86.2	105.5	118.8	151.5	**206.5**
Adjusted[1] profit before tax	86.4	106.2	118.2	146.3	**200.5**
Profit for the year	63.8	81.3	80.9	101.6	**154.2**
Adjusted[1] diluted earnings per share	54.0p	65.1p	75.7p	92.5p	**126.4p**
Adjusted net funds[3]	148.7	195.2	66.2	137.1	**188.6**
Headcount (monthly average)	13,373	14,026	15,117	15,816	**16,764**

Group five-year summary balance sheet

As at 31 December

	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m
Tangible assets	63.0	77.9	106.3	101.4	**107.0**
Right-of-use assets	–	–	–	110.9	**129.6**
Investment property	10.0	–	–	–	**–**
Intangible assets	76.3	80.3	184.6	175.6	**274.7**
Investment in associate	0.1	0.1	0.1	0.1	**0.1**
Deferred tax asset	10.5	9.1	9.6	9.2	**10.1**
Non-current prepayments	–	–	3.5	3.5	**23.6**
Inventories	44.0	69.3	99.5	122.2	**211.3**
Trade and other receivables (including income tax receivables)	740.4	835.4	1,180.4	996.5	**1,105.8**
Prepayments and accrued income	139.5	162.6	171.2	176.3	**228.2**
Derivative financial instruments	8.1	8.2	3.9	3.3	**1.6**
Current asset investment	30.0	–	–	–	**–**
Cash and short-term deposits	118.7	206.6	200.4	217.9	**309.8**
Current liabilities	(804.8)	(940.9)	(1,351.1)	(1,257.8)	**(1,586.2)**
Non-current liabilities	(7.9)	(19.7)	(160.6)	(166.6)	**(184.7)**
Net assets	427.9	488.9	447.8	492.5	**630.9**

Financial calendar

Title	Date
AGM	20 May 2021
Ex-dividend date	03 June 2021
Dividend record date	04 June 2021
Dividend payment date	02 July 2021
Interim results announcement	09 September 2021

Corporate information

Board of Directors
Peter Ryan (Non-Executive Chairman)
Mike Norris (Chief Executive Officer)
Tony Conophy (Group Finance Director)
Rene Haas (Non-Executive Director)
Philip Hulme (Non-Executive Director)
Ljiljana Mitic (Non-Executive Director)
Peter Ogden (Non-Executive Director)
Minnow Powell (Non-Executive Director)
Ros Rivaz (Senior Independent Director)

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Computacenter is a leading independent technology partner, trusted by large corporate and Public Sector organisations. We help our customers to Source, Transform and Manage their IT infrastructure to deliver digital transformation, enabling people and their business. Computacenter is a public company quoted on the London FTSE 250 (CCC.L) and employs over 17,000 people worldwide.

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