2014 Final Results

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Computacenter plc

2014 Final Results

Computacenter plc ("Computacenter" or the "Group"), the independent provider of IT infrastructure and services that enables users, today announces its final results for the twelve month period ended 31 December 2014.

Financial Highlights

	FY 2014	FY 2013	Change
Financial Key Performance Indicators **			
Group revenue *(£ million)*	3,107.8	3,072.1	1.2%
Adjusted* profit before tax *(£ million)*	85.9	81.7	5.1%
Adjusted* diluted earnings per share *(pence)*	46.8	43.3	8.1%
Dividend *(pence per share)* ***	19.0	17.5	8.6%
Statutory Performance **			
Statutory profit before tax (*£ million*)	76.4	50.5	51.3%
Exceptional Items (*£ million*)	(7.6)	(28.8)	73.6%
Statutory diluted earnings per share (*pence*)	40.0	23.0	73.9%
Cash Position			
Net funds (*£ million*)	119.2	71.4	66.9%
Revenue Performance by Sector **			
Group Services revenue (*£ million*)	985.5	965.9	2.0%
Group Supply Chain revenue (*£ million*)	2,122.3	2,106.2	0.8%

Reconciliation between the Group's Adjusted* and Statutory Performance in FY 2014

Adjusted* profit before tax *(£ million)*	85.9
Exceptional Item: Estimated costs of restructuring in French business (*£ million*)	(9.1)
Exceptional Item: Release of provision taken	1.5

for onerous German contracts *(£ million)*

Amortisation of acquired intangibles (*£ million*)	(1.9)
Statutory profit before tax *(£ million)*	76.4

Operational Highlights:

- The Group reported record revenues of £3.1 billion, following a fifth successive year of revenue growth
- Services revenue up by 4.8 per cent in constant currency to £985.5 million, and by 2.0 per cent on an as reported basis
- UK reported strong revenue and profit growth across both services and supply chain
- The overall performance in Germany was disappointing, although the business finished the year strongly and enters 2015 in a more positive position than it started 2014
- Poor performance by the French business, and charge of £9.1 million taken in respect of the comprehensive restructuring in France to improve competitiveness
- Post the year-end, the Group completed a £100 million Return of Value to shareholders, driven by the disposal of our non-core asset R.D Trading Limited and our strong cash generation through the year

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

*** Figures provided are on an as reported basis.*

**** Please note that the dividend (pence per share) figures provided have not been adjusted for the share capital consolidation that took place on 20 February 2015. The dividend (pence per share) figures for 2013 and 2014, as adjusted for the share capital consolidation, have been provided within the Chief Executive's Performance Review under the section entitled 'Dividend'.*

Mike Norris, Chief Executive of Computacenter plc, commented:

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

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

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

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

year of progress for the Group.'

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Chairman's Statement

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

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

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

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

Greg Lock

Chairman

11 March 2015

Chief Executive's Performance review

Group

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

Turnover, Adjusted* and Statutory Financial Performance

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

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

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

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

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

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

Additionally, the Group's three onerous contracts entered into by its German business have performed within the provision previously taken for the losses expected to be incurred on them from July 2013 to the end of the contracts. As a result of ongoing operational improvements on these contracts during 2014, and the conclusion of one of the contracts and settlement of an associated legal dispute during

Q3 2014, we have released as an exceptional item £1.5 million of the provision taken. In line with our approach of developing and maintaining our customer relationships over the long-term, we are pleased that we have managed to improve materially the levels of customer satisfaction in respect of each of these contracts from that being achieved at the time the provision was taken.

Services Performance

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

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

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

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

Our service quality in France has improved during the year, assisted by the availability of Group Management input. However, general market conditions in France have remained difficult and we have continued to suffer from poor service quality delivered by the business in 2013, albeit that service quality has now improved. The loss of a number of small services contracts during the year has reduced utilisation of the Group's central services delivery engines, and as a result, the services margins delivered by the French business have been, and remain, poor. Our priority in 2015 will be to rebuild our services pipeline in France.

Supply Chain Performance

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

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

Whilst Supply Chain revenues grew in our French business during 2014, a significant proportion of this business remains in low-margin, working capital intensive deals. The performance is also flattered by a

quiet second half of 2013. We have taken action to alter both the product and customer mix in this area, to build on the delivery of efficiencies generated as a result of implementing the Group Operating Model.

Investments

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

Secondly, we have invested in our global reach, and expanded our capacity, to serve our customers' needs wherever they operate in the world. This has included the opening of new service desk locations in Montpellier (France), Budapest (Hungary) and Pittston (USA), as well as increasing the capacity at existing locations in Kuala Lumpur (Malaysia) and Cape Town (South Africa). Thirdly, we have invested in the relentless standardisation of our processes and procedures across the Group, including the roll-out of our Group service desk platform across our businesses.

Cash Position

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

POST-YEAR END EVENTS

Sale of R.D. Trading Limited

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

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

Return of value to shareholders

The Group's strong levels of cash generation during the reporting period, alongside the sale of RDC, has allowed the Company to announce its second significant one-off return of value to shareholders in two years. This Return of Value, totalling approximately £100 million, or 71.9 pence for every share held as at the close of trading on 19 February 2015, has now been successfully completed. As part of the Return of Value, an associated share capital reorganisation took place on 20 February 2015, whereby every 17 ordinary shares of $6\ ^{2}/_{3}$ pence each in the Company were effectively consolidated into 15 ordinary shares of $7\ ^{5}/_{9}$ pence each. The Board will continue to evaluate the requirement to maintain an efficient balance sheet, and endeavour to use our ability to generate free cash in order to deliver incremental value to our shareholders.

Dividend

The Board has proposed a final dividend of 13.1p per share. The interim dividend paid on 17 October 2014 was 5.9p per share (the "Interim Dividend Amount"). Adjusting this payment for the share

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

Outlook

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

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

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

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

Computacenter in the United Kingdom

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

Overall Financial Performance

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

Services Performance

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

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

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

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

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

Our Professional Services business has seen strong levels of activity during the year, driven by a number of one-off substantial projects from our existing customers, and a significant level of business related to transformational activity arising out of Managed Services wins in 2014. This has included key

technology transformation activity for the Post Office. The significant growth within our Professional Services business continues to be dominated by projects focused on the modernisation of our customers' users workplace. Whilst our Professional Services forward order book finished the year at a record high level, giving us confidence that current levels of growth can be sustained in 2015, we continue to invest in the long-term requirements of our customers, and remain committed to further accelerating our Professional Services activity through related Datacenter and Networking upgrade and transformation activity.

Supply Chain Performance

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

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

Computacenter in Germany

We were disappointed to see total revenue decline in 2014. However, the performance of the business improved significantly towards the end of the year, with Q4 2014 representing a record quarter, by revenue, for the German business. As a result, following a challenging year, the German business enters 2015 in a more positive position than it entered 2014.

Overall Financial Performance

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

Services Performance

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

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

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

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

Supply Chain Performance

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

Computacenter in France

General market conditions remained difficult in France throughout 2014, our business suffered from the poor service quality that it delivered in 2013 and has failed to manage its cost base appropriately in the past. During the year, the business has required sustained transformational and restructuring activity to attempt to increase its future competitiveness. This has inevitably led to disruption of the day-to-day running of operations which, in turn, has impacted the 2014 financial performance.

Overall Financial Performance

2014 was a difficult year for our French business. Total revenue increased on a constant currency basis by 6.4 per cent to €584.7 million, and by 1.0 per cent on an as reported basis, but it should be noted that this growth was generated from low-margin areas of our Supply Chain business. In addition to reduced underlying services volumes, this has resulted in gross margins remaining challenging across the business. During the reporting period, the adjusted* operating loss incurred by the business increased by 27.9 per cent on a constant currency basis to €11.0 million (2013: adjusted* operating loss of €8.6 million), and by 20.5 per cent on an as reported basis. The statutory loss reduced by 7.5 per cent to €23.4 million (2013: €25.3 million) in constant currency, and by 12.1 per cent on an as reported basis.

Services Performance

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

Total services revenue in 2014 increased on a constant currency basis by 6.5 per cent to €96.4 million, and by 1.2 per cent on an as reported basis. However, this performance reflects the benefit of the first year of taking on one very large Managed Services contract, and without this services revenue would have been down by 9.6 per cent in constant currency against the 2013 performance. This underlying reduction in volumes was principally caused by the loss of a small number of important services contracts at the end of 2013 as a result of poor service levels being delivered prior to that time. It has led to the under-utilisation of staff within Managed Services throughout 2014 and a consequential dilution of gross services margins.

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

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

Supply Chain Performance

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

period has off-set the revenue impact of reduced spend from other customers.

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

Restructuring and transformational activity

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

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

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

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

Computacenter in Belgium

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

Overall Financial Performance

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

Services Performance

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

This has included the renewal of our Managed Services contract with SWIFT for a further five-year term, which was in no small part facilitated by the investment that the Group is making in its ability to support its customers on a global scale, and to improve their users' IT experience and productivity. The renewal includes the transfer of part of the existing service-desk to Kuala Lumpur, Malaysia, and the accompanying implementation of a contact desk specifically focused on providing end-users with effective diagnosis and troubleshooting support. There remain a number of significant Managed Services contract renewals ahead of us in 2015, and we will further explore and leverage the Group's services offering, as we are confident that these will offer us a local competitive advantage.

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

Supply Chain Performance

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

Mike Norris

Chief Executive

11 March 2015

Group Finance Director's review 2014

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

Turnover and profit

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

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

Adjusted operating profit

Management measure the Group's segmental operating performance using adjusted operating profit, which is stated prior to amortisation of acquired intangibles, exceptional items, and after charging finance costs on customer specific financing ("CSF") for which the Group receives regular rental income. Gross profit is also adjusted to take account of CSF costs. The reconciliation of statutory to adjusted results is further explained in the segmental reporting note (note 3 to the financial statements). For the purposes of this statement, all subsequent references are to adjusted measures.

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

United Kingdom

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

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

investment costs. It also incurs the majority of senior management and Group Governance costs due to the Group being UK domiciled.

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

Germany****

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

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

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

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

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

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

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

France****

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

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

Services gross profit in 2014 has been impacted throughout the year by the weak growth in demand for our Professional Services business where revenue was broadly flat on 2013. This continues the capacity utilisation issues seen in 2013, which in France are difficult to correct over the short term. This spare capacity continues to have a significant impact on gross margins achieved.

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

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

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

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

Belgium****

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

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

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

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

Exceptional items

The three onerous contracts in Germany have continued to perform in line with our original forecast throughout 2014. One of the contracts ceased in the final quarter of the year with the other two contracts due to complete in 2016. The performance outlook on these two contracts continues to improve and coupled with the settlement of an associated legal claim, has given Management confidence to release £1.5 million of the provision as an exceptional gain, partly reversing the previously recorded exceptional loss incurred in establishing the provision. The scale of the remaining two contracts means that any significant deviation from the projections considered at the year-end could result in a further material change to the provisioning required. However, Management remains confident in the level of provisioning held at the end of 2014.

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

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

Finance income and costs

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

Taxation

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

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

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

Earnings per share and dividend

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

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

Tuesday 19 May 2015, the proposed dividend will be paid on Friday 19 June 2015. The dividend record date is set on Friday 22 May 2015, and the shares will be marked ex-dividend on Thursday 21 May 2015.

Disposal of R.D. Trading Ltd

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

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

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

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

Return of Value to Shareholders

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

Cash flow

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

Challenges remain within working capital due to legacy and systemic issues that have materially impacted our French business and its cash collection in particular. These issues stem from the poor ERP implementation in 2013, which led to backlogs preventing the timely processing of transactions impacting cash collection and payment of invoices. These backlogs have continued to grow in 2014 as the French business entered the Social Plan which caused some disruption to the teams responsible for collecting cash and monitoring debt levels within the business. During the second half of the year a new Finance Shared Service Centre was set up in Budapest, Hungary, which, after the normal transition and start-up challenges has stabilised and is on an improving trend. Whilst the debt position in France remains a top priority for both local and Group management, significant headway has been made in understanding and resolving legacy collection and system related invoicing issues that are reducing the overdue debt and increasing the rates of collection amongst new debt. In the year we spent over £17 million on capital expenditure primarily on investments in IT equipment in our business and software tools to enable us to deliver improved service to our customers.

Whilst the cash position remains robust, the Group continued to benefit from the extension of an improvement in credit terms with a significant vendor, equivalent to £38.6 million at 31 December 2014, a decrease of £2.5 million from 31 December 2013. This improvement in credit terms has been in operation since 2009 and whilst the continuation of these terms is not guaranteed and can be

withdrawn at any time, the terms are generally available to all material partners of that significant vendor. We no longer feel it is necessary to continue to highlight these terms in the Performance Review. However we will continue to reference this item in this report, but we will not routinely report the number in Interim Management Statements, similar external updates or within the accounts themselves.

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

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

Customer specific financing

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

Whilst CSF is repaid through future customer receipts, Computacenter retains the credit risk on these customers and ensures that credit risk is only taken on customers with a strong credit rating.

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

The Group does not expect a material increase in the level of CSF facilities, partly as the Group applies a higher cost of finance to these transactions than customer's marginal cost of finance.

Financial instruments

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items that arise directly from its operations. The Group enters into hedging transactions, principally Forward Exchange contracts or currency swaps. The purpose of these transactions is to manage currency risks arising from the Group's operations and its sources of finance. As the Group continues to expand its global reach and benefit from lower cost operations in certain geographies such as South Africa, it has entered into Forward Exchange contracts to help manage cost increases due to currency movement.

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

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

Interest rate risk

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

Liquidity risk

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

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

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

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

Customer specific financing facilities are committed.

Foreign currency risk

The Group operates primarily in the UK, Germany, France, and with smaller operations in Belgium, Hungary, India, Malaysia, Luxembourg, Spain, South Africa, Switzerland and the United States of America. The Group uses a cash pooling facility to ensure that its operations outside of the UK are adequately funded, where principal receipts and payments are denominated in Euros. For those countries within the Euro zone, the level of non-Euro denominated sales is small and, if material, the Group's policy is to eliminate currency exposure through forward currency contracts. For the UK, the majority of sales and purchases are denominated in Sterling and any material trading exposures are eliminated through forward currency contracts.

The Group has been increasingly successful in winning international services contracts where services are provided in multiple countries. The Group aims to minimise this exposure by invoicing the customer in the same currency in which the costs are incurred. For certain contracts, the Group's committed contract costs are not denominated in the same currency as its sales. In such circumstances, for example where contract costs are denominated in South African Rand, the Group eliminates currency exposure for a foreseeable future period on these future cash flows through forward currency contracts. In 2014, the Group recognised a loss of £0.3 million (2013: loss of £1.4 million) through other comprehensive income in relation to the changes in fair value of related forward currency contracts, where the cash flow hedges relating to firm commitments were assessed to be highly effective.

Credit risk

The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are regularly monitored thereafter.

There are no significant concentrations of credit risk within the Group. The Group's major customer, disclosed in Note 3 to the financial statements, consists of entities under the control of the UK Government.
The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

Going concern

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

Fair, balanced and understandable

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

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

Tony Conophy

Group Finance Director

11 March 2015

Directors' responsibilities

Statement of Directors' responsibilities in relation to the financial statements

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

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

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

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

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

Disclosure of information to auditor

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

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

Directors' responsibility statement

- The financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit for the Company and undertakings included in the consolidation taken as a whole;

- Pursuant to the Disclosure and Transparency Rules, the Company's Annual Report and Accounts include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

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

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

Mike Norris	**Tony Conophy**
Chief Executive Officer	**Group Finance Director**
11 March 2015	**11 March 2015**

Consolidated income statement
For the year ended 31 December 2014

	Note	**2014** **£'000**	2013 £'000
Revenue	3	3,107,759	3,072,075
Cost of sales		(2,697,842)	(2,668,814)
Gross profit		409,917	403,261

	Note	2014	2013
Administrative expenses		(323,814)	(321,096)
Operating profit:			
Before amortisation of acquired intangibles and exceptional items		**86,103**	82,165
Amortisation of acquired intangibles		(1,868)	(2,375)
Onerous contracts		1,540	(15,739)
Non-cash impairment		-	(12,195)
Other exceptional items		(9,128)	(830)
Exceptional items	4	(7,588)	(28,764)
Operating profit		**76,647**	51,026
Finance revenue		1,615	1,351
Finance costs		(1,844)	(1,852)
Profit before tax:			
Before amortisation of acquired intangibles and exceptional items		**85,874**	81,664
Amortisation of acquired intangibles		(1,868)	(2,375)
Onerous contracts		1,540	(15,739)
Non-cash impairment		-	(12,195)
Other exceptional items		(9,128)	(830)
Exceptional items	4	(7,588)	(28,764)
Profit before tax		**76,418**	50,525
Income tax expense:			
Before amortisation of acquired intangibles and exceptional items		**(21,353)**	(19,325)
Tax on amortisation of intangibles		238	244
Tax on onerous contracts		(185)	1,889
Tax on non-cash impairment		-	1,014
Tax on other exceptional items		-	(700)
Total tax on exceptional items		(185)	2,203
Exceptional tax items		-	(489)
Income tax expense	5	(21,300)	(17,367)
Profit for the year		**55,118**	33,158
Attributable to:			
Equity holders of the parent		55,117	33,160
Non-controlling interests		1	(2)
Profit for the year		55,118	33,158
Earnings per share			
- basic for profit for the period	6	40.5p	23.2p
- diluted for profit for the period	6	40.0p	23.0p

Consolidated statement of comprehensive income
For the year ended 31 December 2014

	2014	2013

	Note	£'000	£'000
Profit for the year:		55,118	33,158
Items that may be reclassified to profit or loss:			
Loss arising on cash flow hedge		(251)	(1,403)
Income tax effect	5	54	326
		(197)	(1,077)
Exchange differences on translation of foreign operations		(10,976)	4,326
		(11,173)	3,249
Items not to be reclassified to profit or loss:			
Remeasurement of defined benefit plan		(1,177)	-
Other comprehensive income for the year, net of tax		(12,350)	3,249
Total comprehensive income for the period		42,768	36,407
Attributable to:			
Equity holders of the parent		42,768	36,407
Non-controlling interests		-	-
		42,768	36,407

Consolidated balance sheet
As at 31 December 2014

	Note	**2014** **£'000**	2013 £'000
Non-current assets			
Property, plant and equipment		79,940	89,044
Intangible assets		90,344	98,870
Investment in associate		42	45
Deferred income tax asset	5	15,049	15,172
		185,375	203,131
Current assets			
Inventories		50,006	58,618
Trade and other receivables		695,915	667,722
Prepayments		52,688	61,579
Accrued income		50,869	53,140
Forward currency contracts		2,434	-
Cash and short-term deposits		129,865	91,098
		981,777	932,157
Total assets		1,167,152	1,135,288
Current liabilities			
Trade and other payables		635,279	604,945
Deferred income		106,862	115,986
Financial liabilities		6,850	8,147
Forward currency contracts		389	2,360
Income tax payable		9,810	10,239
Provisions		9,808	6,005
		768,998	747,682
Non-current liabilities			
Financial liabilities		3,818	11,540
Provisions		8,176	10,449
Deferred income tax liabilities	5	748	947
		12,742	22,936
Total liabilities		781,740	770,618

	2014	2013
Net assets	385,412	364,670
Capital and reserves		
Issued capital	9,283	9,271
Share premium	4,597	4,362
Capital redemption reserve	74,957	74,963
Own shares held	(10,760)	(11,976)
Foreign currency translation reserve	(4,326)	6,649
Retained earnings	311,648	281,388
Shareholders' equity	385,399	364,657
Non-controlling interests	13	13
Total equity	385,412	364,670

Approved by the Board on 11 March 2015

MJ Norris
Chief Executive

FA Conophy
Finance Director

Consolidated statement of changes in equity
For the year ended 31 December 2014

	Attributable to equity holders of the parent								
	Issued capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2014	**9,271**	**4,362**	**74,963**	**(11,976)**	**6,649**	**281,388**	**364,657**	**13**	**364,670**
Profit for the year	-	-	-	-	-	55,117	55,117	1	55,118
Other comprehensive income	-	-	-	-	(10,975)	(1,373)	(12,348)	(1)	(12,349)
Total comprehensive income	-	-	-	-	(10,975)	53,744	42,769	-	42,769
Prior period corrections	6	-	(6)	695	-	(695)	-	-	-
Cost of share-based payments	-	-	-	-	-	2,810	2,810	-	2,810
Tax on share-based payment transactions	-	-	-	-	-	39	39	-	39
Exercise of options	6	235	-	2,804	-	(965)	2,080	-	2,080
Purchase of own shares	-	-	-	(2,283)	-	-	(2,283)	-	(2,283)
Equity dividends	-	-	-	-	-	(24,673)	(24,673)	-	(24,673)
At 31 December 2014	**9,283**	**4,597**	**74,957**	**(10,760)**	**(4,326)**	**311,648**	**385,399**	**13**	**385,412**
At 1 January 2013	**9,234**	**3,769**	**74,957**	**(13,848)**	**2,325**	**345,893**	**422,330**	**13**	**422,343**
Profit for the year	-	-	-	-	-	33,160	33,160	(2)	33,158
Other comprehensive income	-	-	-	-	4,324	(1,077)	3,247	2	3,249
Total comprehensive income	-	-	-	-	4,324	32,083	36,407	-	36,407
Cost of share-based payments	-	-	-	-	-	1,070	1,070	-	1,070
Tax on share-based payment transactions	-	-	-	-	-	126	126	-	126
Exercise of options	28	1,194	-	3,364	-	(1,872)	2,714	-	2,714
Bonus issue	15	(15)	-	-	-	-	-	-	-
Expenses on bonus issue	-	(586)	-	-	-	-	(586)	-	(586)
Redemption of shares	(6)	-	6	-	-	-	-	-	-
Return of Value	-	-	-	-	-	(73,115)	(73,115)	-	(73,115)
Purchase of own shares	-	-	-	(1,492)	-	-	(1,492)	-	(1,492)
Equity dividends	-	-	-	-	-	(22,797)	(22,797)	-	(22,797)
At 31 December 2013	**9,271**	**4,362**	**74,963**	**(11,976)**	**6,649**	**281,388**	**364,657**	**13**	**364,670**

Consolidated cash flow statement
For the year ended 31 December 2014

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

Notes to the consolidated financial statements
For the year ended 31 December 2014

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 11 March 2015. The balance sheet was signed on behalf of the Board by MJ Norris and FA Conophy. Computacenter plc is a limited company incorporated and domiciled in England whose shares are publicly traded.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2014 and applied in accordance with the Companies Act 2006.

2 Summary of significant accounting policies

Basis of preparation

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

Basis of consolidation

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

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

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

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

Changes in accounting policy and disclosures

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

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

Offsetting financial assets and financial liabilities - amendments to IAS 32

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

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

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

Annual improvements 2010-2012 cycle

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

Annual improvements 2011-2013 cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an

entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

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

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

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

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

Year ended 31 December 2014

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

Year ended 31 December 2013

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

Information about major customers
Included in revenues arising from the UK segment are revenues of approximately £285 million (2013: £280 million) which arose from sales to the Group's largest customer. For the purposes of this disclosure a single customer is considered to be a group of entities known to be under common control. This customer consists of entities under control of the UK Government, and includes the Group's revenues with central government, local government and certain government controlled banking institutions.

4 Exceptional items

	2014 £'000	2013 £'000
Operating profit		
Redundancy and other restructuring costs	(9,128)	(4,291)
Onerous contracts	1,540	(15,739)
Impairment of acquired intangible assets	-	(12,195)
Impairment of investment in associate	-	(539)
Services contracts re-valuation	-	4,000
	(7,588)	(28,764)
Income tax		
Tax on onerous contracts included in operating profit	(185)	1,889

Tax on impairment of acquired intangible assets	-	1,014
Tax on exceptional items included in operating profit	-	(700)
Total tax on exceptional items	(185)	2,203
Exceptional tax items		
-Deferred tax asset in respect of France	-	(2,184)
-Tax credit in relation to prior year R&D claim	-	1,695
	(185)	1,714
Exceptional items after taxation	(7,773)	(27,050)

Included within the current year are the following exceptional items:

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

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

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

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

Included within the prior year are the following exceptional items:

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

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

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

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

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

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

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

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

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

5 Income tax

a) Tax on profit on ordinary activities

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

b) Reconciliation of the total tax charge

	2014	2013
	£'000	£'000
Accounting profit before income tax	**76,418**	50,525
At the UK standard rate of corporation tax of 21.49 per cent (2013: 23.25 per cent)	**16,422**	11,747
Expenses not deductible for tax purposes	**1,173**	802

	2014	2013
Non-deductible element of share-based payment charge	**60**	54
Adjustments in respect of current income tax of previous periods	**(413)**	(485)
Higher tax on overseas earnings	**1,417**	1,511
Other differences	**(688)**	766
Effect of changes in tax rate on deferred tax	**-**	(262)
Utilisation of previously unrecognised deferred tax assets	**(3,238)**	(3,169)
Exceptional changes in recoverable amounts of deferred tax assets	**-**	2,185
Tax on impairment of acquired intangible assets	**-**	(1,014)
Overseas tax not based on earnings	**1,345**	1,554
Tax credit in relation to prior year R&D claim	**-**	(1,695)
Deferred tax not recognised on current year losses	**5,222**	5,373
At effective income tax rate of 27.9 per cent (2013: 34.4 per cent)	**21,300**	17,367

c) Tax losses

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

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

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

d) Deferred tax

Deferred income tax at 31 December relates to the following:

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

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

e) Impact of rate change

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

6 Earnings per ordinary share

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

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

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

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

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

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

7 Dividends paid and proposed

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

8 Analysis of changes in net funds

	At 1 January 2014 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	**At 31 December 2014** **£'000**
Cash and short-term deposits	91,098	42,682	-	(3,915)	129,865
Bank overdraft	(764)	(35)	-	80	(719)
Cash and cash equivalents	90,334	42,647	-	(3,835)	**129,146**
Bank loans	(63)	(61)	-	4	(120)
Other loans non-CSF	-	(517)	-	-	(517)
Net funds excluding customer specific financing	90,271	42,069	-	(3,831)	**128,509**
Customer specific finance leases	(11,577)	4,983	(342)	240	(6,696)

Customer specific other loans	(7,280)	4,664	-	-	(2,616)
Total customer specific financing	(18,857)	9,647	(342)	240	**(9,312)**
Net funds	71,414	51,716	(342)	(3,591)	**119,197**

	At 1 January 2013 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	**At 31 December 2013 £'000**
Cash and short-term deposits	138,149	(48,865)	-	1,814	91,098
Bank overdraft	(678)	(27)	-	(59)	(764)
Cash and cash equivalents	137,471	(48,892)	-	1,755	**90,334**
Current asset investment	10,000	(10,000)	-	-	-
Factor financing	(144)	84	-	(3)	(63)
Net funds excluding customer specific financing	147,327	(58,808)	-	1,752	**90,271**
Customer specific finance leases	(17,999)	8,065	(1,235)	(408)	(11,577)
Customer specific other loans	(702)	(6,578)	-	-	(7,280)
Total customer specific financing	(18,701)	1,487	(1,235)	(408)	**(18,857)**
Net funds	128,626	(57,321)	(1,235)	1,344	**71,414**

9 Related party transactions

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

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

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

	Sales to related parties £'000	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Biomni Limited	28	996	-	28

Terms and conditions of transactions with related parties

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

10 Events after the reporting period

Detailed below are the significant events that happened after the Group's year end date of 31 December 2014 and before the signing of this annual report and accounts on 11 March 2015.

Disposal of RD Trading Limited

On 2 February, 2015, the Group announced that it was disposing of its wholly-owned IT disposal and recycling subsidiary, RD Trading Limited ("RDC").

The Group reached agreement with Arrow Electronics UK Holding Limited for the disposal of the entire issued share capital of the RDC. For the year ended 31 December 2014, RDC generated revenues of £44.1 million (2013: £41.9 million), statutory profit before tax of £4.8 million (2013: £3.7 million) and as at 31 December 2014 had net assets of £16.2 million (2013: £12.5 million).

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

The disposal of RDC did not warrant classification as a non-current asset held for sale at the reporting date as management judged, in accordance with the Group's accounting policy that the sale was not highly probable at the reporting date, nor was the Board committed to a sale plan where there was an expectation that the assets would be sold within one year. RDC also does not meet the requirements for a discontinued operation as it is not a major line of business or discrete geographical area (i.e. an operating segment).

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

Return of Value to Shareholders

The Group announced on 02 February 2015, that it proposed to make a one-off Return of Value to Shareholders of 71.9 pence per Existing Ordinary Share, equivalent to approximately £100 million or approximately 11.2 per cent of Computacenter's current market capitalisation, based on the middle market price of 643 pence per Existing Ordinary Share on 29 January 2015. The return is being made using a B Share structure with an associated Share Capital Consolidation of 15 New Ordinary Shares for every 17 Existing Ordinary Shares. The approval of Shareholders was required for the Return of Value and Share Capital Consolidation. Accordingly, the Group posted a circular to its Shareholders and convening an Extraordinary General Meeting, held on 19 February 2015, where the Return of Value was approved.

The Return of Value consisted of a Capital Reorganisation, including the issue and allotment of B Shares and an associated Share Capital Consolidation.

Under the terms of the Return of Value, Shareholders received for every 1 Existing Ordinary Share held at the Record Date 1 B Share; and in place of every 17 Existing Ordinary Shares held at the Record Date 15 New Ordinary Shares.

Following Shareholder approval, Shareholders were able to elect between the following alternatives in relation to their B Shares.

Alternative 1 - Single B Share Dividend ("Income")

Shareholders could have elected to receive the Single B Share Dividend of 71.9 pence per B Share in respect of all of their B Shares.

Alternative 2 - Purchase Offer ("Capital")

Alternatively, Shareholders (other than US Shareholders) could have elected to for all of their B Shares to be purchased by Investec Bank plc, acting as principal on 23 February 2015, at 71.9 pence per B Share, free of all dealing expenses and commissions.

The payment of the consideration under the purchase offer and of the Single B Share Dividend was in each case completed on 10 March 2015.

Management reviewed the financial position of the Group just prior to the announcement of the Return of Value and continue to regard the going concern assumption as appropriate and the financial statements continue to be prepared on this basis.

11 Publication of non-statutory accounts

The financial information in the preliminary statement of results does not constitute the Group's statutory accounts for the

year ended 31 December 2014 but is derived from those accounts and the accompanying Directors' report. Statutory accounts for the year ended 31 December 2014 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts; their report was unqualified and did not contain statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

The financial statements, and this preliminary statement, of the Group for the year ended 31 December 2014 were authorised for issue by the Board of Directors on 11 March 2015 and the balance sheet was signed on behalf of the Board by MJ Norris and FA Conophy.

The statutory accounts have been delivered to the Registrar of Companies in respect of the year ended 31 December 2013. The report of the auditors was unqualified and did not contain statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

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