Computacenter
Services & Solutions

Supporting our customers on their journey

Annual Report and Accounts 2011

Our business model

Enhancing our customers' journey by:

- Innovating
- Managing cost
- Mitigating risk
- Improving their service

This creates advantages for their businesses:

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

We do this by:

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

What we do

Manage & Transform

To improve quality and flexibility of service while significantly reducing costs

Services provided
Service Desk, Managed Workplace, Managed Network, Managed Datacenter, Managed Applications and Support & Maintenance

The work we undertake is typically

- Technologically or logistically complex
- Multiple parallel projects
- Contract-based
- Uses our core assets

Consult & Change

Optimise technology, enabling effective change

Services provided
Flexible Workplace, Borderless Network, Dynamic Datacenter, Unified Communications & Collaboration and Secure Information

The work we undertake is typically

- Medium to high complexity
- Outcome-based projects
- Referrals or existing customers
- Uses our people's technical skills

Source & Deploy

Address customer technology requirements

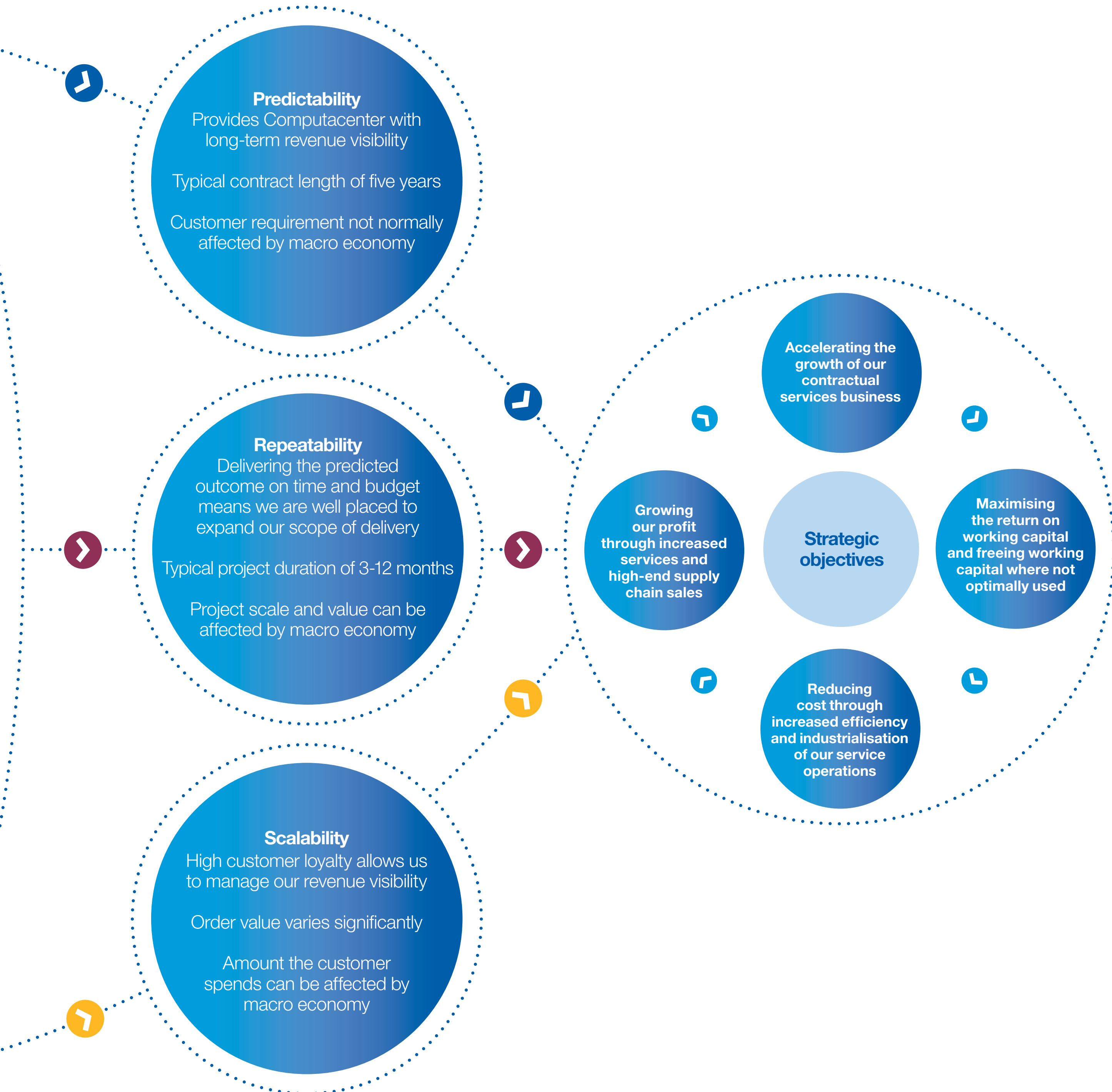
Services provided
Smart Supply, Supply Chain Services, Lifecycle Management, Software Licensing and Compliant Disposals

The work we undertake is typically

- Medium to low complexity
- Medium to high volume
- Long-term repeat customers
- Uses our core assets

Revenue characteristics

How it supports our strategy



Market growth drivers

Technological development
Our customers are experiencing increased demand for the latest technology in order for them to remain competitive.

Geographical development
Our customers increasingly want us to deliver our offerings to their locations worldwide, requiring us to expand our global partnerships.

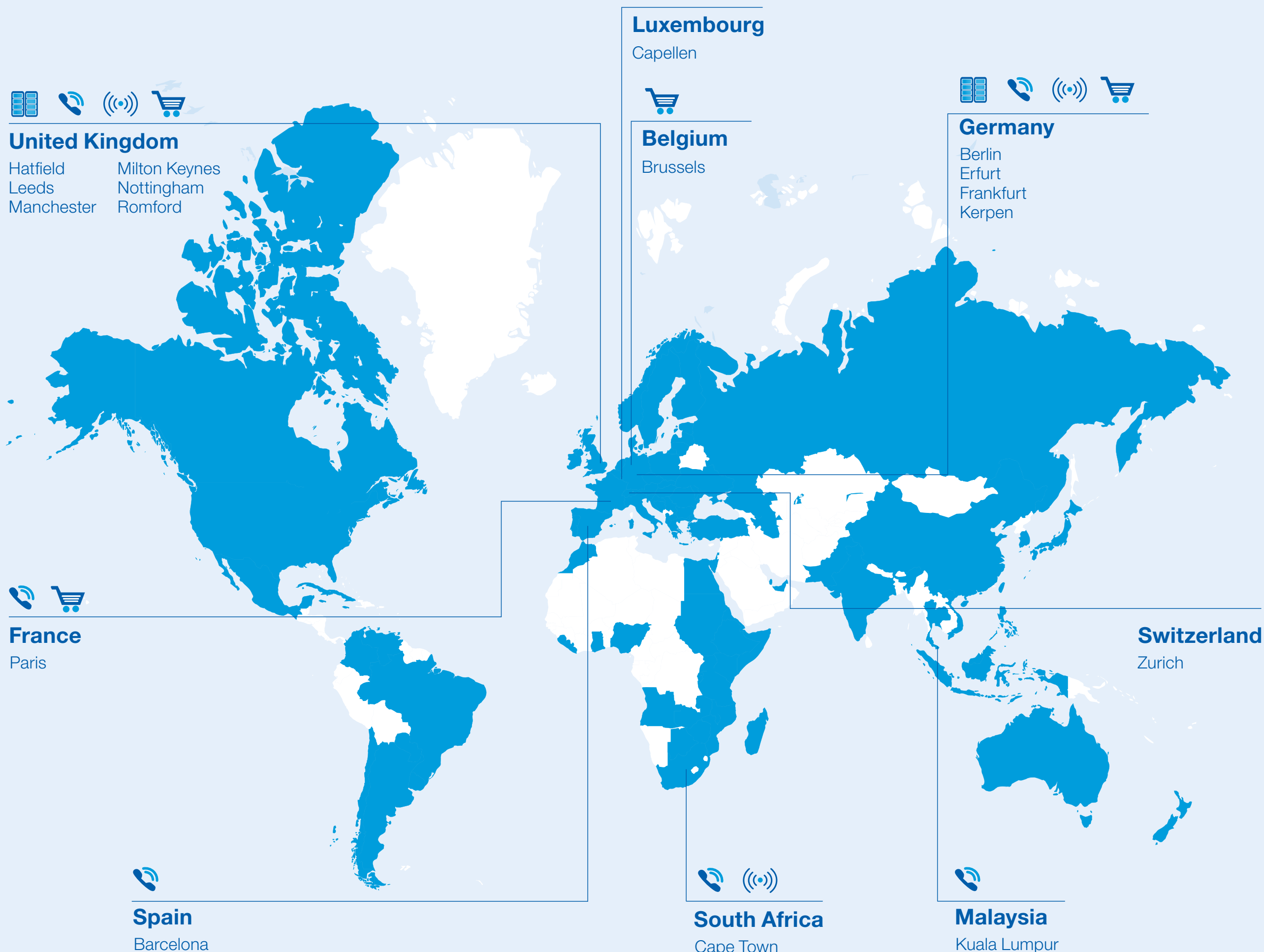
The market
Particularly in difficult economic times our customers look to reduce their costs through IT innovations.

Selective outsourcing
There is less appetite to outsource IT to a single provider and more for selective outsourcing, an environment we are well placed to compete in.

Supporting our customers on their journey

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

Our coverage



Overview
01 Chairman's statement
02 Operating review
14 External view of the market by IDC

Business review
16 Finance Director's review
20 Risk management
22 Corporate Sustainable Development ('CSD')

Governance
26 Board of Directors
28 Corporate governance statement
32 Audit Committee report
34 Nomination Committee report
35 Remuneration Committee report
43 Directors' report

Financial statements
48 Independent auditor's report
49 Consolidated income statement
50 Consolidated statement of comprehensive income
51 Consolidated balance sheet
52 Consolidated statement of changes in equity
53 Consolidated cash flow statement
54 Notes to the consolidated financial statements
93 Statement of Directors' responsibilities
94 Independent auditor's report
95 Company balance sheet
96 Notes to the Company financial statements
100 Group five-year financial review
100 Group summary balance sheet
100 Financial calendar
101 Corporate information

Chairman's statement

Revenue (£m) **+6.6%**

Year	Value
2011	2,852.3
2010	2,676.5
2009	2,503.2
2008	2,560.1

Adjusted* operating profit (£m) **+12.6%**

Year	Value
2011	72.5
2010	64.4
2009	53.9
2008	42.1

Adjusted* diluted earnings per share (p) **+13.3%**

Year	Value
2011	37.4
2010	33.0
2009	27.7
2008	21.0

Total dividend per share (p) **+13.6%**

Year	Value
2011	15.0
2010	13.2
2009	11.0
2008	8.2

Related subjects:
Corporate Sustainable Development – page 22
Governance – page 28

Delivering long-term growth

2011 was a good year for our Company, more so given the extraordinary economic environment. Our German unit had an outstanding year, growing revenue at 21.8 per cent in the face of stiff competition. In the UK, our revenue declined by 12.9 per cent, but we preserved our overall UK margin percentage and grew our Services order book significantly, with six substantial contracts closed in the last quarter alone. In France, continuous improvement in operations, together with the acquisition of Top Info, led to revenue growth of 33.1 per cent as well as enhanced profitability. Our Belgian operation had its best year yet.

We continued to invest in our future, implementing our Group-wide ERP system in the UK and Germany and further improving our service delivery capabilities in all countries. We grew our international service support operations in Barcelona and South Africa and we acquired a significantly larger property in the UK for our recycling operation, RDC. In total, we invested over £40 million of capital in strategic projects during 2011. These investments, together with those made in the recent past, have helped our results with adjusted* profit before tax growing by 12.4 per cent to £74.2 million and our annualised services contract base growing by 6.0 per cent to £563.6 million.

We face 2012 with confidence, despite the unrelenting challenge of slow, or even no growth in GDP in Western Europe. We are focusing on those aspects we can control – customer support, margin growth and cash generation in the main. We remain dedicated to providing our customers with services that save them money and help them be more competitive, and continue to invest in our ability to support them.

In this report, you will find that we strive for clear and meaningful description of all our activities and decisions, as well as continue our commitment to uphold high standards of governance in line with the UK Corporate Governance Code.

We are far from satisfied with anything we do. The competition is fierce, the economic environment uncertain, but our employees and customers have demonstrated resilience and loyalty, for which I thank them wholeheartedly. We shall work hard to earn that loyalty and in doing so, continue to deliver results that we can be pleased with.

Greg Lock
Chairman

12 March 2012

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

Operating review

A focused team, creating value

2011 strategic objectives

Accelerating the growth of our contractual services business

Reducing cost through increased efficiency and industrialisation of our service operations

Progress against 2011 strategic objectives

In 2011, our Group contract base grew by 6 per cent in constant currency. In addition (as announced on 16 December 2011), the UK business has won a number of additional Managed Services contracts, which had not started at year-end, therefore have not been included in the contracted services base. These wins, combined with other important wins in Germany and France, will provide robust contractual services base and revenue growth in 2012. The contracts also provide further evidence of the continuing trend for large customers to selectively outsource IT Managed Services to 'best in class' providers such as Computacenter.

We continue to invest and derive value from the Shared Services Factory, our industrialised approach, which helps to standardise customer engagement, service offerings and also reduce the cost of service delivery. This includes investments we have made in our offshore service delivery capability, to take advantage of the lower costs available such as in South Africa.
In addition, we have made significant investments in industry leading tools, for example, a £10 million investment in BMC Software to achieve further efficiencies in our Managed Services offering. These investments enable us to offer an enhanced service at lower cost in areas such as major incident management and the remote management of datacenter infrastructure. These are ongoing initiatives, which take time to implement and will enable operational and cost benefits over the medium and long term. We expect to deliver improved services gross margins over time, as these initiatives mature.

Key performance indicators

Increase contract base in constant currency (£m)

Year	£m
2011	564
2010	532
2009	486
2008	446

+6.0%

Increase revenue per service head (£'000/head)

Year	£'000/head
2011	93
2010	88
2009	85
2008	86

+5.9%

Maximising the return on working capital and freeing working capital where not optimally used

Adjusted operating cash flow of £96 million in 2011 was substantially ahead of adjusted profit before tax of £74.2 million; a pleasing performance. Most elements of the operating cash inflow were similar to, or improved on the 2010 performance. However, working capital movements showed an inflow of £0.3 million, allowing for organic revenue growth of 2.2 per cent, which is encouraging. The working capital inflow of £21.4 million in 2010 was exceptionally strong, due to the collection of the trade debtors following the sale of our trade distribution business in November 2009.

Increase adjusted operating cash flow (£m)

Year	£m
2011	96
2010	108
2009	138
2008	79

-12.4%

Growing our profit margin through increased services and high-end supply chain sales

Overall, 2011 Group revenue increased by 6.6 per cent including acquisitions and 2.2 per cent excluding acquisitions, while adjusted PBT grew by 12.4 per cent. Group Services revenue as reported, grew by 6.2 per cent including acquisitions and 4.9 per cent excluding acquisitions. Supply chain revenue excluding acquisitions grew by 1.1 per cent. This combined with robust control of SG&A costs resulted in EBIT, as a percentage of net revenue*, increasing from 6.6 per cent to 6.9 per cent of sales.

Increase EBIT as a percentage of net revenue*

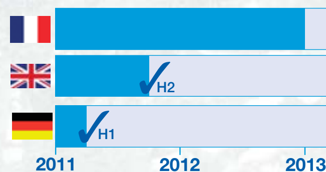
Year	%
2011	6.9
2010	6.6
2009	6.0
2008	4.9

+0.3pts

Ensuring the successful implementation of the Group-wide ERP system

The Group-wide ERP system is an extensive IT implementation, as well as a significant business process change. The system covers virtually all of our operating activities with entirely new resource scheduling, call logging and maintenance systems that are at the heart of our business. The German business went live at the end of January 2011 and the UK business went live at the end of August 2011 – on schedule without material disruption to either business. France is now scheduled to go live during 2013. With our two largest countries live on the Group system, we are running a project to align processes across both businesses in order to extract the anticipated efficiencies and ease the French implementation; also to ensure that the learning from the UK and German implementations is applied for future migrations in other countries.

ERP – delivery vs implementation plan



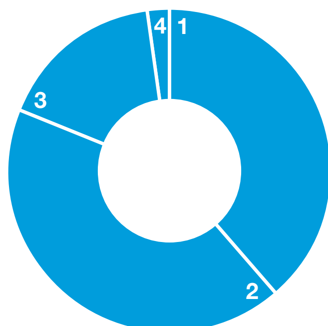
Related subjects:
Our business model – Inside front cover

Our Executive team
Pictured left to right:
Henri Viard (Managing Director, France)
Tony Conophy (Group Finance Director)
Neil Muller (Managing Director, UK Sales & Marketing)
Mike Norris (Group CEO)
Oliver Tuszik (CEO, Germany)
Chris Webb (Managing Director, UK Operations)
Mark Slaven (Group IS Director)

* EBIT as a percentage of net revenue. Computacenter defines net revenue as turnover less the cost of product for re-sale recognised as an expense.

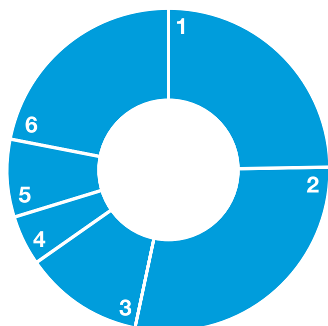
Operating review continued

Group revenue by region



Region	Revenue	%
1. United Kingdom	**£1,102.2m**	38%
2. Germany	**£1,228.6m**	43%
3. France	**£478.6m**	17%
4. Belgium	**£43.0m**	2%

Group revenue by business type



Business type	%
1. Workplace Desktop, laptop, monitor, printers, peripherals and consumables.	25%
2. Datacenter & Networking Intel and Unix servers, storage, networking and security.	29%
3. Software	12%
4. Third party services Third party resold services.	4%
5. Professional services Professional services delivered by Computacenter.	8%
6. Managed services Support and managed services delivered by Computacenter.	22%

Delivering our strategy

Group Overview

The Group's adjusted* profit before tax grew by 12.4 per cent to £74.2 million (2010: £66.1 million). While this outcome in itself represents a strong performance, it is worth noting that this is the sixth consecutive year that Computacenter has delivered double digit profit growth. The Group's adjusted* diluted earnings per share ('EPS'), increased by 13.3 per cent to 37.4 pence (2010: 33.0 pence), largely as a result of the increased profitability. This takes the compound annual EPS growth over the last five years to 22.1 per cent.

On a statutory basis, taking into account amortisation of acquired intangibles and exceptional items, Group profit before tax increased by 10.3 per cent to £72.1 million (2010: £65.4 million) and diluted EPS increased by 20.6 per cent to 39.3 pence (2010: 32.6 pence).

Group revenue, as reported, increased in 2011 by 6.6 per cent to £2.85 billion (2010: £2.68 billion). The impact of currency on the Group's revenue was not significant. Excluding acquisitions, growth on the previous year was 2.2 per cent. Group revenue growth was driven by the very strong volume improvements in France and particularly in Germany, which more than compensated for the 12.9 per cent revenue decline in the UK, due to the adverse economic climate.

Group Services revenue, as reported, increased by 6.2 per cent and by 4.9 per cent, excluding acquisitions. Once again, the drivers for this growth in Services revenue were our businesses in Germany, France and also Belgium. Services revenue in the UK declined by circa 2 per cent, although encouragingly, our Contractual Services revenues increased by 3.3 per cent.

The positive story of the year, for the Group as a whole, is that the annual Services contract base increased by 6.0 per cent in constant currency, compared to last year's figures, to £563.6 million. This growth does not yet take account of several contracts secured towards the end of the year, for which revenue generation is only due to commence in 2012. Contractual Services make a fundamental contribution to the long-term success of Computacenter, since it delivers better visibility of revenue. The growth experienced in 2011 bodes well for the future and leaves us confident that we are continuing to meet the IT needs of our customers.

Our Group operating expenses ('SG&A') increased by 9.6 per cent. This increase is due to a number of factors, including the impact of the acquisitions, additional depreciation and amortisation charges related to our ERP platform, together with some targeted investments, primarily in Germany, to support and maintain the growth in Services. In addition, there was an estimated increase of circa £7 million due to a reclassification of costs, from cost of sales to SG&A, following the migration in Germany and the UK, to our common ERP platform.

Our balance sheet has remained healthy. At the end of the year, net cash prior to customer specific financing ('CSF') was £136.8 million (2010: net cash of £139.4 million). Including CSF, net funds were £113.6 million (2010: £111.0 million). The year-end cash position continues to benefit, by approximately £45 million (2010: £38 million), from the extended credit facility provided by one of the major suppliers. As stated before, the sustainability of these terms continues to remain uncertain.

Our net cash position is after a spend of £25 million on three acquisitions during the year, as well as the purchase of a large UK property for RDC, our recycling subsidiary, at a cost of £11 million.

The positive story of the year, for the Group as a whole, is that the annual Services contract base increased by 6.0 per cent in constant currency, compared to last year's figures, to £563.6 million.

The Board has decided to recommend a final dividend of 10.5 pence, bringing the total dividend paid for 2011 to 15.0 pence, representing a 13.6 per cent increase on the 2010 total dividend paid of 13.2 pence. The increase in dividend is consistent with our stated policy of maintaining dividend cover within our target range of 2 to 2.5 times. Subject to the approval of shareholders at the Annual General Meeting ('AGM') on 18 May 2012, the proposed dividend will be paid on 15 June 2012 to shareholders on the register as at 18 May 2012.

We continue to invest for further growth and the increased acquisition activity in the year is in support of this objective. We added scale to the Supply Chain business through the Top Info acquisition in France, as well as a new customer base for cross selling our services. Our mobility offerings have been enhanced through the HSD acquisition in Germany, while Damax in Switzerland supports specific customers based within this region. While acquisitions have added scale and enhanced our services, in line with our goal of helping customers' competitiveness and saving them money, we will continue to invest organically in strengthening our existing offerings and improving our operational efficiency. For instance, our tools for automating computer-based processes have been improved and advanced following a £10 million investment over three years into our BMC-based customer toolsuite. Our various service desks were expanded significantly during 2011 to answer increased demand from our Managed Services wins. Capacity at our multi-lingual service desks in Barcelona has doubled to a total potential capacity of 650 operators across two facilities. Additionally, our service desk facilities in Erfurt, Berlin and Cape Town have all been extended to accommodate a further circa 400 operators.

Although we were already well placed in the managed services market, these investments will optimise our ability to respond to the latest trends in IT outsourcing. There is a growing appetite for selective outsourcing, rather than single provider outsourcing deals. We are increasingly being trusted and selected by customers with existing experience of outsourcing relationships and as such, many of our contracts are second generation, or even more mature outsourcing agreements. Our European head-quartered customers are more frequently requiring us to deliver IT services on a global basis, which means we must have a reliable and efficient global network of delivery partners. Our native language, multi-lingual service desk facility in Barcelona has been a critical resource in support of this trend.

Similarly, our datacenter facilities also enhance our Managed Services offerings and customer relevance. In 2011, we deployed approximately 900 new servers, storage and network devices primarily at our Tier IV secure facility in Romford, UK. We will continue to expand and upgrade these offerings to meet ongoing customer demand.

In 2011, our new ERP system was deployed in both Germany and the UK. We anticipate that France will migrate during 2013, following the completion of both an office and warehouse relocation during 2012. While much has been achieved, we are now in a 'bedding-in' phase. As with all ERP deployments of this scale and given the huge level of business change, there is still a significant volume of work to be undertaken. We are however encouraged that the experience we have gained from these two deployments will help simplify the French migration.

Operating Review continued

United Kingdom

Revenue (£m)

Year	Revenue
2011	**1,102.2**
2010	1,265.4
2009	1,226.9
2008	1,391.2

Revenue by business type

1. Workplace	24%		4. Third party Services	4%
2. Datacenter & Networking	27%		5. Professional Services	8%
3. Software	11%		6. Managed Services	26%

Adjusted* operating profit

£37.3m

Contract base

£244.8m

UK Operating Review 2011

In a particularly challenging market in the UK, total revenue reduced by 12.9 per cent in 2011, to £1.10 billion (2010: £1.27 billion). While both our Supply Chain and Services revenues were lower, the decline, at 17.7 per cent in the Supply Chain business, to £728.0 million (2010: £884.9 million) was the primary driver for the overall revenue reduction in the UK. Our Services revenue decreased only marginally by 1.7 per cent, to £374.1 million (2010: £380.5 million).

Encouragingly, adjusted* operating profit margin in the UK was broadly maintained, with profit down by 14.0 per cent to £37.3 million (2010: £43.3 million). This is largely due to certain higher volume one-off Supply Chain deals with low contribution levels in the previous year. Profitability in the UK was further protected from a greater decline by a 3.1 per cent reduction in SG&A, as a result of lower commissions and bonuses.

The slight drop in UK Services revenue was primarily due to fewer and smaller cabling projects and, following the normal trend, the material decline in Supply Chain sales also led to a reduction in Professional Services requirements.

The most encouraging development this year in the UK was the 3.3 per cent growth in Contractual Services revenue, coupled with further contract wins in the latter part of the year. The level of reported growth in the Services contract base of 1.6 per cent to £244.8 million (2010: £241.0 million), does not reflect all the contracts concluded during the latter part of the year, as billing on a large portion of these deals will not commence until 2012. This provides an early bolster for 2012 and improved predictability in the years to come. The trend to conclude deals towards the end of the year means it is too early to predict the potential for further base growth in 2012, but the pipeline remains healthy.

The new Contractual Services wins demonstrate customer confidence in our business model. In this challenging economy, our Contractual Services offerings continue to succeed in attracting customers who are looking for innovative and pragmatic ways to reduce their IT cost and increase operational efficiency. While our transactional Supply Chain and even Professional Services businesses tend to mirror economic conditions, we achieved more long-term revenue predictability during 2011. We secured a number of significant deals, including a datacenter managed service with a global maufacturer of fuels, lubricants and additives, which will be delivered from our Tier IV facility in Romford. We also won a managed service with a leading pharmacy-led high street health and beauty chain, covering 29,000 desktops and 1,600 servers. This contract includes a Windows 7 transformation and started in September 2011.

At an underlying level, the Supply Chain business was not entirely disappointing, with improved margins preventing gross margin decline and delivering a flat gross margin percentage performance on 2010.

Although this improvement in contribution was partly due to the absence of the previously mentioned high-volume, low-margin deals seen in 2010, it was also influenced by an improvement in Solution Sales and the optimised terms that we have negotiated with our major vendors. Vendor terms are not guaranteed and they must be frequently renegotiated, so such benefits cannot be relied upon.

Windows 7 and other new Microsoft offerings, continue to drive IT transformation projects among our customer base and at an increasing rate. We are well placed to meet this demand, which provides us with comfort even in an economy where difficulties remain. Customer desire to modernise their workplace and Microsoft's operating system support changes, are expected to help the Supply Chain and Professional Services businesses in 2012. John Jester, General Manager of UK Enterprise and Partner Group at Microsoft explains this encouraging opportunity:

"Microsoft Windows 7 is the world's fastest growing operating system in history yet many enterprise customers' desktop PCs still run on Windows XP – an 11-year old operating system that is approaching end-of-life in only two years. To encourage corporate customers to upgrade their systems to a modern platform that will reduce costs, improve productivity and enable future growth, Microsoft is working closely with Computacenter, a key strategic partner that has the expertise and capabilities to deliver great value to our joint customers."

Customers increasingly wish to engage with Computacenter to streamline their supply chain. For example, we were successful in securing a multi-million pound per annum supplier consolidation contract with a large broadcaster in the UK. We will help the broadcaster reduce the time spent managing procurement, which will improve the quality of service and enable cost savings.

The UK business has also experienced an increase in demand from its customers to expand the delivery of IT services to global locations – a trend we are seeing across the Group. This was evidenced by a number of wins during 2011, including a managed service with an American multinational conglomerate for 75,000 end-users in 36 countries. AstraZeneca was another large new international win last year and we will be providing service desk and deskside support to their users in nine countries.

Our subsidiary RDC, which provides customers with secure and environmentally appropriate solutions for their end-of-life IT equipment, once again delivered strong performance, with revenue growth of 18.4 per cent over 2010. While their profit margins remained resilient in 2011, RDC's relocation in early 2012 to a recently acquired larger and better single location in Braintree, Essex, should improve efficiency and generate further performance improvements in 2012 and beyond.

Smarter

"The managed services contract with Computacenter helps make our IT operations more agile, cost-effective and efficient. As a result, we will be able to ensure that more passengers reach their destination on time as air traffic volumes grow over the next three years."

Michael Ede,
Head of IT Services,
Gatwick Airport

YOUR LONDON AIRPORT
Gatwick

Business Advantages

- On time/on budget
- Lower cost
- Better services

Operating Review continued

Greater

"By using IT in a cost-effective manner to streamline public service delivery, we can support front-line resources and help improve the quality of life in South Lanarkshire by ensuring IT systems remain available."

Janice Woodley,
Technology Services Manager,
South Lanarkshire Council

Business Advantages

- Better services
- Greater efficiencies

Germany

Revenue (£m)

Year	Revenue
2011	**1,228.6**
2010	1,008.9
2009	933.7
2008	835.0

Adjusted* operating profit

£27.7m

Contract base

£260.8m

Revenue by business type

Business type	%
1. Workplace	19%
2. Datacenter & Networking	35%
3. Software	9%
4. Third party Services	6%
5. Professional Services	8%
6. Managed Services	23%

Germany Operating Review 2011

In the German segment, including acquisitions, overall adjusted* operating profit for the year grew by a significant 39.2 per cent to €31.9 million (2010: €22.9 million). Excluding the results of acquisitions, HSD in Germany and Damax AG in Switzerland, adjusted* operating profit grew by 26.1 per cent to €28.9 million (2010: €22.9 million).

In contrast to the weak start experienced in 2010, 2011 began buoyantly following a strong end to 2010 and we continued to largely sustain this encouraging performance throughout 2011.

Total revenue in the year, for the segment as a whole, increased by 20.3 per cent to €1,415.3 million (2010: €1,176.7 million) and excluding acquisitions, the revenue growth was 17.8 per cent. Much of this growth was delivered by the Supply Chain business, with workplace and networking equipment sales driving a large portion of the volume increase. Supply Chain revenue, for the segment as a whole, increased by a noteworthy 24.3 per cent and excluding acquisitions, on a like-for-like basis, Supply Chain revenue for the year grew by 21.4 per cent.

While encouraging in itself, this growth also stimulated our Services business. Not only did a major supplier of electronic components to the automotive industry award Computacenter Germany a three-year workplace equipment supply contract, but the relationship has evolved to include additional consultancy and related support services.

Services revenue, overall, grew by a healthy 12.3 per cent to €445.5 million (2010: €396.7 million) and excluding acquisitions, growth in Services revenue was 10.6 per cent. Applying the same exclusions, our Services contract base grew by 6.2 per cent to €308.0 million (2010: €290.0 million). However, this contract base growth hides the materiality of the Services wins concluded within the second half of the year, as most of these contracts will only generate revenue from 2012 onwards. The total lifetime contract value of all the Contractual Services wins awarded in 2011 amounted to approximately €250 million. This exceptional and sudden volume increase presented us with some resource and business take-on challenges. Although this caused some erosion to our Services margins, we started 2012 with an unhindered opportunity to optimise this growth.

The material wins achieved in 2011 represent the investments we made to enhance our Managed Services portfolio and deliver more capability. These wins also reflect growing demand from our existing customers for IT service delivery across a broader range of geographies and our ability to respond to these requirements.

These market drivers resulted in our largest value, service desk contract win ever awarded by a global manufacturer within the aerospace sector. This five-year contract has an annual contract value of €13 million and will draw on all the Group's core capabilities across all its European operations. Additionally, a large German re-insurance provider awarded Computacenter Germany a four-year service desk contract, which will be supported internationally from our expanded Berlin service desk.

Both these customers have extensive prior experience of outsourcing critical IT functions to external providers and we believe their decision to partner with Computacenter demonstrates growing market confidence in the quality and maturity of our Services. This is further supported by independent market analysis undertaken by Experton, which rated our offerings for managed workplace services, as the most outstanding amongst our 13 primary competitors.

The need to meet growing customer demand and fulfil a sudden increase in Services business take-on requirements, while migrating onto the ERP platform, unsurprisingly resulted in a rise of SG&A.

However, more than half of the SG&A increase is due to a combination of the reclassifications between cost of sales and SG&A, the impact of acquisitions and expenses relating to amortisation of our new ERP platform. Excluding these impacts and at an underlying level, the SG&A in Germany grew by approximately 7 per cent. We will continue to invest in improving the efficiency of our take-on process, as well as our general technical resources, to enable our future growth aspirations.

The HSD acquisition in April 2011 has enabled us to establish our mobility and 'bring-your-own' device offerings, resulting in very positive responses from our existing customers, as well as the wider market. This business has now been fully integrated into the German business.

From January 2011, the activities of Computacenter Luxembourg have been reported as part of the German business. Towards the end of July 2011, Computacenter acquired a majority stake in Damax AG in Switzerland and it was similarly considered appropriate to report this business performance as part of Computacenter Germany. Both of these businesses are already showing encouraging contributions to our German reporting sector.

Operating Review continued

France

Revenue (£m)

Year	Revenue
2011	478.6
2010	359.6
2009	319.4
2008	308.2

Adjusted* operating profit

£6.0m

Contract base

£48.8m

Revenue by business type

Business type	%
1. Workplace	45%
2. Datacenter & Networking	17%
3. Software	20%
4. Third party Services	4%
5. Professional Services	6%
6. Managed Services	8%

France Operating Review 2011

Computacenter France, including Top Info's contribution for three quarters of 2011, delivered an adjusted* operating profit of €6.9 million (2010: €1.2 million). More than half of this profit improvement was delivered organically, which represents an encouraging performance for both the pre and post-acquisition business.

We achieved another year of good revenue growth with revenue in our existing French business increasing by 6.5 per cent, again outperforming the French market convincingly. Total reported revenue, including the three quarters of Top Info, increased by 31.4 per cent to €551.3 million (2010: €419.4 million).

Including the Top Info acquisition, for three quarters of the year, Supply Chain revenue increased significantly by 35.5 per cent, with an increase of 7.1 per cent to the Supply Chain revenue of the business, excluding Top Info. Services grew by 11.1 per cent and without Top Info, Services revenue increased by 3.9 per cent.

The significant opportunity of deploying Computacenter's Services offerings to Top Info clients is only just beginning, which bodes well for our Services business during 2012 and beyond. Full exploration of this opportunity should improve the 13.9 per cent (2010: 16.5 per cent) Services revenue mix.

The shift in business mix during 2011 is attributable to the strong Supply Chain nature of Top Info. The material revenue growth in the Supply Chain business came largely from improved sales of software and enterprise equipment and to a lesser extent from workplace Supply Chain sales. Supply Chain activity with the primary national procurement agencies for the French public sector has been encouraging and we feel very well placed to gain from future government refresh initiatives.

We have increased the cross-selling Services to our traditional Supply Chain customers. For example, at the end of 2010, we announced that we had been awarded a three-year global software licensing contract with a major energy utilities company. In 2011, we went on to win a separate three-year Services contract, extendable to eight years, for the delivery of a full managed service.

This evolution is also occurring within the private sector as evidenced by a three-year contract win with a major corporate and investment bank within the French financial sector. We will be providing desk and deskside support to their users.

Our annual Contractual Services base has grown to €58.4 million (2010: €47.1 million). However, a large proportion of recent Managed Services wins will only commence revenue generation during 2012 which, going forward will help boost the Services business further and have not been included in the 2011 Contractual Services base.

As can be expected with strong revenue growth, commission earnings during the year were higher. This was the primary contributor for the 3.6 per cent increase in the SG&A of the existing business' SG&A, while the SG&A of the post acquisition business increased by 28.8 per cent. We have also continued to invest in strengthening our salesforce during the year, with returns anticipated from 2012 onwards.

The sales functions of Top Info and the original Computacenter France have now been combined into a single operation and the businesses were merged on 30 December 2011. This has completed the integration of Top Info, which went smoothly, retaining all current major customers.

Larger

"Computacenter has a client-centric focus and a can-do attitude. It helps us safeguard the stability of our production IT infrastructure and stay on budget for operational expenditure."

Matthew Oakeley,
Head of Group IT,
Schroders

SCHRODERS

Schroders

Business Advantages

- On time/on budget
- Better services

Operating Review continued

Lower

"In our efforts to increase our presales capabilities we developed a new managed printing services offering with some immediate successes at customers like Alpha Card (a joint venture between American Express and BNP Paribas Fortis) where we conducted a printing audit and closed a contract delivering the customer a minimum 25% printing cost reduction."

Alberto Leone,
ICT Officer,
Alpha Card

Business Advantages

- Smarter technology
- Lower cost

Belgium

Revenue (£m)

Year	Revenue
2011	**43.0**
2010	42.6
2009	23.2
2008	25.7

Adjusted* operating profit

£1.6m

Contract base

£9.2m

Revenue by business type

1. Workplace	39%	4. Third party Services	4%
2. Datacenter & Networking	29%	5. Professional Services	4%
3. Software	7%	6. Managed Services	17%

Belgium Operating Review 2011

Our Belgium operation delivered an outstanding adjusted* operating profit improvement of 264 per cent, recording an operating profit of €1.8 million (2010: €0.5 million). After taking into account certain unusual items in 2011, at an underlying level, the operational profit improvement on last year was approximately €1 million.

This result is particularly pleasing, as we maintained overall revenues of €49.5 million (2010: €49.6 million). Our 2010 revenues were influenced to a significant extent, by a one-off Supply Chain sale, at a low margin. Generally, the quality of the revenue earned in the year improved.

Supply Chain revenue reduced by 2.9 per cent to €38.8 million (2010: €40.0 million). However, on the upside, our Services business grew by 10.3 per cent to €10.6 million (2010: €9.7 million), due to growth in both Professional and Managed Services.

Pleasingly, Professional Services revenue did not, as would be the anticipated trend, follow the Supply Chain revenue. The Professional Services revenue growth came from projects delivered to new customers, while our Managed Services contract base grew by more than 30 per cent. We also successfully extended our contract with SWIFT for a further three years, based on our existing 10-year relationship.

We are increasingly delivering a wider suite of services and solutions to our customers. This expanding portfolio is demonstrated by a turnkey project with the city of Wavre, which includes virtualisation, storage, networking and IP telephony services as well as Supply Chain.

As with the rest of the Group, we are experiencing growing demand for our services to be delivered across a wider geographic scale, as evidenced by a contract recently agreed with a multinational biopharmaceutical manufacturer, headquartered in Brussels. As part of the €3 million deal, we will be providing the customer with workplace services across its European locations.

Outlook statement

The Board believes that despite the current economic climate, there would need to be further deterioration in this environment for its expectations not to be met this year and the Board is confident about gaining further progress during 2012. The Group enters 2012 buoyed by the recent contract wins, an improving position in the UK and continuing growth rates in France and Germany.

The high level of activity across the Group means that the operational challenges facing us this year, should not be underestimated. In the UK, we are incorporating last year's record Managed Services wins. In France, we are centralising all our logistics facilities into a single operation centre, relocating the whole head office and sales functions, as well as preparing to migrate the French operation to the Group ERP platform during 2013. In Germany, the growth we experienced in 2011 and which has continued in the early part of 2012 requires our facilities and technical resources to expand. At a Group-level, customer demand remains to drive the rapid expansion of our Group Service Desk, at both existing and new locations.

We continue to invest to improve the services we offer customers and maximise Computacenter's long-term growth potential. We are delighted with the strong customer demand for our service offerings, which we confidently believe enable them to reduce their operating costs, in the long term. Our new business pipeline for 2012 looks potentially as exciting, if not more so, than that which we achieved in 2011. The agenda we have set ourselves is ambitious and not without risk, but we believe that the combination of strong customer demand, our operational track record and the strength of our balance sheet, all bode well for Computacenter's aspiration of delivering sustainable EPS growth.

Mike Norris
Chief Executive

12 March 2012

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

External view of the market by IDC

2011 – a year of retrenchment

The economic recovery that followed the 'credit crunch' and the downturn of 2009 stimulated IT spend during 2010, but this recovery slowed during 2011 with a consequent lessening of business and consumer confidence, which resulted in corporate IT budgets being reined back as 2011 progressed. Although 2011 began as a year in which enterprises had bullish plans for maintaining and increasing IT spend, the year ended with economic and political uncertainty in the UK and in some key European geographies, causing enterprises to control their IT spend more tightly than they had expected, or even to reduce that spend. Anticipated levels of GDP growth failed to materialise as business and consumer confidence was hit by the growing sovereign debt crisis and by lowered demand caused by cutbacks in spending in the public and private sectors alike. Filtering down from macro-economic level to overall IT spending, the result of these shifts was a lower than anticipated IT spending growth in 2011 – which stood at 1.8 per cent for Western Europe, and 2.6 per cent for EMEA overall. Such low growth posed problems to many players within the market – especially on the back of several tough years.

IDC estimates that the overall UK IT services market growth was 1.1 per cent in 2010 and only 0.3 per cent in 2011 – 0.9 per cent and 1.2 per cent for Western Europe. This uncertainty and lowered levels of confidence remain in place in early 2012, prompting many organisations to set cautious IT budgets for 2012.

Tough times ahead present opportunities

Although 2011 was a tough year for IT suppliers, and although 2012 will be somewhat tougher, IDC does not believe that 2012 will witness a fall in demand of the scale we saw during the 2009 downturn. For example, 2009 saw a 2.8 per cent decline in IT services demand in the UK, whereas IDC expects the equivalent decline to be 1.9 per cent in 2012. It is worth noting that Computacenter has little exposure to customer application development, the IT services market segment expected to see the worst declines in demand during 2012. Moreover, there remain pockets of market growth to be exploited by vendors in 2012.

UK IT services market growth was 1.1 per cent in 2010 and only 0.3 per cent in 2011 – 0.9 per cent and 1.2 per cent for Western Europe

Most enterprises reined in their IT spending during 2011 as the year progressed, so although demand levels that vendors such as Computacenter will experience during 2012 will be somewhat lower than the demand in 2011, it should not come as a shock: 2012 budgets should mostly be confirmation of the existing lockdown, rather than a bolt from the blue. As such, we should look at 2012 as a continuation of the tough times we have lived through in recent years – only a little more pronounced.

Moreover, difficult times bring opportunities as well as threats to the IT and IT services industry. Many organisations will need to invest in 2012 to make their IT infrastructures more agile and flexible, in order to support business expansion or to allow mergers, acquisitions or indeed divestments. New technologies are also arriving which are stimulating demand for both products and associated services – both in implementing the new technologies and in subsequently managing them and integrating them with the business.

These new technology waves include virtualisation, consumerisation, business analytics, and social media to name but a handful. But the most significant by far is the arrival of 'cloud computing'.

The 'cloud' is now real in the sense that most CIOs finally understand what it can do for them in a practical way. It is also here to stay – and won't disappear as a fad created by and to the benefit of the IT industry. In fact, IDC believes that business will increasingly incorporate cloud computing as a core delivery model for their IT and this will be reflected in their IT services spending.

Within Europe, most companies now incorporate cloud into their services investment, which represents a tremendous opportunity for services providers. Indeed, more than two-thirds of Western European companies already have a corporate cloud strategy in place today. In addition, cloud is one of the few areas of spending that enterprises don't expect to cut in the event of the economic outlook deteriorating during 2012. Not only that, but the transition to cloud-based IT infrastructures and the subsequent management of these infrastructures requires a significant initial investment in IT services by organisations, followed by continuous levels of service spend to manage and improve the cloud-based infrastructure of the future. IT services companies such as Computacenter should benefit both from the demand for cloud related professional services, but also from subsequent demand for cloud-related managed services.

Beyond cloud – other opportunities remain for good growth in 2012

Whilst IDC believes that cloud is now a mainstream technology, accepted and indeed welcomed by both IT management and corporate management, it is not the only revolution happening in IT today. One of the main trends we see – and one that has become increasingly important over the past two years – is the 'consumerisation' of corporate IT. We define 'consumerisation' as employees bringing personal devices into the workplace and using 'Web 2.0' social applications (such as Facebook, LinkedIn, etc) in the workplace. This is without doubt happening now, at all levels of the organisation, whether the IT department likes it or not. If left unmanaged, IDC believes consumerisation will overwhelm the CIO's agenda, causing significant operational problems to the corporate IT infrastructure and reducing the efficiency of the organisation's day-to-day operations. Consumerisation seems attractive, but it can create as many problems as it solves, making this a top priority for IT services buyers in 2012 – and thus a major opportunity for IT services vendors. Not least, security and complexity issues caused by consumerisation will need to be

Related subjects:
Our business model - Inside front cover

addressed urgently if CIOs are to retain control of their workloads. Consumerisation will shift the services focus to data privacy, compliance, and data loss prevention as opposed to managing the physical device. Finally, interoperability issues — getting corporate applications to work with multiple devices — will remain as long as new devices are being launched.

As such, consumerisation will create significant opportunities for vendors because enterprises will need help in understanding the potential impact on their organisation (creating professional services opportunities) and managing those consequences (creating opportunities to sell follow-on managed services/outsourcing). Both professional services and managed services/outsourcing are key elements of Computacenter's portfolio.

The consumerisation challenge will drive investment in, for instance, virtual desktop solutions that enable data security by taking it away from the physical device. We view virtualisation – in all parts of the infrastructure – from the datacenter to the desktop, as being a stepping stone towards cloud. This will represent significant growth opportunities for vendors to allow their client base to achieve the cost cutting required whilst providing them with a robust, flexible infrastructure able to not only support their business, but enable it to grow.

Beyond consumerisation we see 2012 as being the year of 'Big Data'

It is a well-known fact that the amount of data held by organisations is expanding dramatically (IDC expects the volume of digital content will grow to 2.7ZB worldwide, up 48 per cent from 2011), creating vast data sets — or 'big data' — which in turn creates need for additional storage, data warehouses, analytics and other technology investments in European organisations.

However, one issue is that the data comes from an increasingly diverse variety of sources — IDC expects that more than 90 per cent of data will be unstructured and based on social media and Web-enabled workloads. The other issue is the velocity, or speed and frequency, with which the data is delivered and bombards organisations that are trying to assess the importance of the data, analyse it and act upon it.

Helping organisations understand what value they can get out of data and how they can bring it into decision processes, help drive efficiencies and reduce cost, or help create new business propositions and drive top line growth, will be a major service opportunity in 2012.

Translating 'big data' into actionable business information can help organisations address both the cost-cutting agenda and the 'growth' agenda (in which IT investment aims to grow corporate revenues or to drive greater client loyalty/satisfaction). However, the opportunity at this stage will be to help organisations understand how they can use big data, how they integrate it with other BI/BA efforts in the organisation, and for the more advanced provide the skills for the new analytics technologies that are in very short supply.

More tactical opportunities will also appear in 2012 around Unified Communications & Collaboration solutions (UCC) as a way to enable flexibility within the enterprise whilst cutting down on the time and money spent on travel. This, just as with cloud, will put extra pressure on the network and related services – which will become vital for all businesses. Without a robust network delivering quality services, businesses lose opportunities.

All of these trends represent major opportunities for service providers – despite the tough market conditions we anticipate. To ride the storm in 2012, IDC believes the key is for vendors to offer a breadth of services for enterprises to choose from – different models from traditional to cloud and even 'blended'. Another key is for vendors to avoid focusing solely on price – important as it might be – and keep focusing on demonstrating the value and quality of their offering. They must become the trusted adviser that client can rely on to help them navigate through the tough times.

As we have seen, this means being able to incorporate cloud within the solutions offered in order to lower the price point, increase flexibility and reach new markets.

the opportunity at this stage will be to help organisations understand how they can use big data

What shape will this take?

IDC believes this will translate into a different services offering from vendors. On the professional services side, successful vendors will be those who can not only offer but demonstrate a quick return on investment. The days of 'strategic consulting engagements' are not gone; but buyers will want to attach practical business value to their consulting spending.

On the managed services and support side – contracts are likely to be more focused and therefore smaller in length as well as scope. It is worth noting that those vendors focused on managed services – such as Computacenter – were already offering shorter contracts (between three and five years) – more closely mapped to market requirement for some time. The trend towards multi-sourcing will continue – as buyers see the value in best of breed vendors for logical ICT silos that are applications, network & communications and IT (desktop to datacenter).

There is no getting away from the fact that IT is central to not only our corporate life but increasingly our personal life too. The consequence of that increased maturity is that end-users are much more demanding than ever. This will not stop. The impact of cloud and increased competitive pressure will make things much more difficult for vendors. Only the best vendors – willing to change and able to offer innovative solutions – will fare well in 2012, which is set to be a difficult year, and yet one with some significant areas for opportunity for IT services suppliers.

Lionel Lamy
IDC Research Director,
European Software & Services

Finance Director's review

Sustainable revenue growth

Table 1
Group Revenues £m

	Half 1	**Half 2**	**Total**
2009	1,222.2	1,281.0	2,503.2
2010	1,288.8	1,387.7	2,676.5
2011	**1,365.3**	**1,487.0**	**2,852.3**
2011/10	5.9%	7.2%	6.6%

Table 2
Adjusted profit before tax £m

	Half 1	**%**	**Half 2**	**%**	**Total**	**%**
2009	18.2	1.5	36.0	2.8	54.2	2.2
2010	21.2	1.7	44.9	3.2	66.1	2.5
2011	**26.6**	**1.9**	**47.6**	**3.2**	**74.2**	**2.6**
2011/10	25.1%		6.3%		12.4%	

Table 3
Revenues by country £m

	2011		2010	
	Half 1	**Half 2**	Half 1	Half 2
UK	**547.3**	**554.9**	651.9	613.5
Germany	**580.4**	**648.2**	457.2	551.7
France	**219.7**	**258.9**	164.2	195.4
Belgium	**17.9**	**25.0**	15.5	27.1
Total	**1,365.3**	**1,487.0**	1,288.8	1,387.7

Related subjects:
Our business model – Inside front cover
Risk – page 20
Governance – page 28
Directors' report – page 43

Tony Conophy
Finance Director

Turnover and profitability

In 2011, Computacenter Group delivered turnover growth and the sixth successive year of profit growth.

At a headline level, turnover grew by 6.6 per cent to £2.85 billion, although on a like-for-like basis (excluding acquisitions), turnover growth was 2.2 per cent.

The overall Group performance resulted from a mixed performance across our main geographies. Our German business was the main growth driver with a buoyant market and share gains driving revenue growth in all business lines, however weak infrastructure spending in the UK drove a contraction in the UK supply chain and professional services revenues.

Adjusted profit before tax improved by 12.4 per cent from £66.1 million to £74.2 million. This increase was achieved despite additional depreciation and amortisation charges of approximately £3.4 million following the go-live of our German and UK businesses onto our new ERP platform and related infrastructure.

After taking account of exceptional items and increased amortisation of acquired intangibles following our acquisitions in the year, statutory profit before tax increased by 10.3 per cent from £65.4 million to £72.1 million.

Adjusted operating profit

Statutory operating profit increased from £65.9 million to £71.9 million. However, management measure the Group's operating performance using adjusted operating profit, which is stated prior to amortisation of acquired intangibles, exceptional items, and after charging finance costs on customer specific financing ('CSF') for which the Group receives regular rental income. Gross profit is also adjusted to take account of CSF finance costs. The reconciliation of statutory to adjusted results is further explained in the segmental reporting note (note 3) to the financial statements. For the purposes of this statement, all subsequent references are to adjusted measures.

Restatement and classification of costs

In the prior year financial statements, distribution costs were shown below gross profit, however, management monitor the performance of the business by including such costs within gross profit. As a result, these costs have been included in cost of sales in 2011, and 2010 has been restated accordingly.

From 1 January 2011, the management of Computacenter Luxembourg has been transferred from Belgium to Germany. As a consequence, Luxembourg is reported as part of the German segment. The comparative segmental information in 2010 has been restated to reflect this change.

UK

Due to weak demand for infrastructure spending, particularly from Financial Services and Government customers, UK revenues contracted in 2011 by 12.9 per cent, reducing to £1,102.2 million. Supply chain sales decreased by 17.7 per cent, although the rate of decline slowed progressively in each quarter of the year. A similar contraction in professional services revenues resulted in a reduction in overall services revenues, by 1.7 per cent. The growth in support and managed services revenues of 3.3 per cent does not fully reflect the progress made in 2011, with a number of significant contracts won in Q4 that will not contribute to our revenues and contract base until 2012.

Despite the reduction in revenues, gross margins remained robust, with our adjusted gross profit margin increasing from 14.0 per cent to 15.2 per cent mainly due to a higher mix of services sales and an improved supply chain margin rate due to the absence of some large, low margin deals, particularly in software. Robust management of our adjusted operating expenses ('SG&A') led to a reduction of 3.1 per cent in 2011. This, together with our focus on margin return, has ensured that overall adjusted operating profit reduced broadly in line with revenue, by 14.0 per cent from £43.3 million to £37.3 million.

Germany

The pace of growth in our German business increased in 2011. Revenue, as reported, grew in 2011 by 21.8 per cent to £1,228.6 million (2010: £1,008.9 million). The revenue impact of acquisitions (HSD in Germany and Damax in Switzerland) and currency movements were not significant.

Overall, supply chain revenues increased by 25.9 per cent including acquisitions, with services revenues growing by 13.7 per cent. Whilst the market in Germany was particularly buoyant in 2011, our share of the market has also increased. The gross margin return of the business reduced, partly due to the increased mix of supply chain revenues, and partly due to margin erosion in services, where the pace of growth impacted our efficiency of business take-on resources.

SG&A increased by £20.3 million to £129.6 million (2010: £109.3 million). Approximately £7 million of this increase is due to reclassifications between cost of sales and SG&A from alignment arising from our ERP project. Approximately £5 million arises from the impact of acquisitions and expenses relating to amortisation of the new ERP platform. The underlying growth in the German SG&A cost base of £8 million relates to investments in the pre-sales and business take-on teams to support the growth in the services business. Overall, the German segment operating profit increased by 40.9 per cent from £19.7 million to £27.7 million, with the organic growth in our German business augmented by the profit generated by our acquisitions (HSD in Germany and Damax in Switzerland).

France

The revenue in the French segment increased by 33.1 per cent in the year. In April 2011, the Group acquired Top Info SAS, which contributed revenues of £90.7 million in the year. Encouragingly, like-for-like revenues from our existing French business grew by 7.9 per cent. Supply chain revenue increased by 8.4 per cent prior to acquisitions, mainly due to growth in software and enterprise product sales. Services revenue grew by a more modest 5.2 per cent consolidating the gains made in 2010.

Following a reduction in 2010, the gross profit return in France recovered in 2011 to 10.6 per cent, due largely to a focus on margin management in services together with the improved mix of enterprise product sales. SG&A grew in France principally due to the Top Info acquisition, with SG&A in our existing French business increasing by 4.9 per cent, mainly due to increased commission payments linked to the improvement in gross margin. The operating profit of the combined business increased from £1.0 million to £6.0 million, with the contribution from Top Info largely matching the organic growth in profits in the existing Computacenter France business.

As a result of the improved profitability of the business, and an improvement in management's view of the future performance of the combined entity, a deferred tax asset of £2.0 million in respect of losses has been recognised, and disclosed as an exceptional gain.

At the end of 2011, the Computacenter and Top Info businesses were merged, and no longer generate independent cash flows. The goodwill arising from the Top Info purchase has therefore been assessed on the combined cash flows of the enlarged Computacenter France business.

During 2011, the French business committed to move to a new warehouse and office premises and the combined business is expected to move during the first half of 2012.

Belgium

Reported revenue increased by 0.9 per cent to £43.0 million (2010: £42.6 million). It is pleasing that the mix of revenue in 2011 generated healthy gross margin (2010 included a very large low margin supply chain deal with a single customer).

Gross margin return on sales for Belgium overall improved from 7.6 per cent to 10.7 per cent. SG&A, however, increased by 7.8 per cent mainly due to increased commission costs on the increased gross margin performance.

Overall, therefore, operating profit improved from £0.4 million in 2010 to £1.6 million in 2011. Although approximately £0.3 million of this profit growth was due to factors that are not expected to recur, the majority of the growth represents underlying improvement in the business.

Exceptional items

In line with the requirements of IFRS3 Revised, acquisition-related costs are expensed in the period in which they are incurred. The Group has recorded £1.0 million acquisition-related costs for both successful and aborted acquisitions within exceptional items.

Due to circumstances arising after the acquisition date, the performance criteria required to trigger deferred consideration of €1.0 million that were previously expected to be achieved, were not met. As a result, the deferred consideration liability recognised has been reversed and the £0.9 million gain in the income statement has been recorded as an exceptional item.

Finance Director's review continued

Table 4
Adjusted operating profit by country £m

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

	2010			
	Half 1	%	Half 2	%
UK	18.1	2.8	25.2	4.1
Germany	3.4	0.8	16.3	3.0
France	(1.2)	(0.7)	2.2	1.1
Belgium	0.3	1.8	0.1	0.5
Total	20.6	1.6	43.8	3.2

Additionally, the statutory tax charge benefits from two items of an exceptional nature. Firstly, the deferred tax asset in respect of losses in Germany was reassessed in line with management's view of the entity's future performance. Where the reassessment exceeds the losses utilised in the year, the change in recoverable amount of the deferred tax asset is shown as an exceptional item. Secondly, the improved profitability in France, together with an improved outlook for the combined French entity's future performance has resulted in the initial recognition of a deferred tax asset in respect of losses. The combined impact in the income statement is shown as an exceptional item.

Finance income and costs

Net finance income of £0.2 million was earned on a statutory basis in 2011 (2010: net finance costs of £0.5 million). This takes account of finance costs on CSF of £1.5 million (2010: £2.1 million). On an adjusted basis, prior to the interest on CSF, net finance income increased from £1.6 million in 2010 to £1.7 million in 2011.

Taxation

The effective adjusted tax rate for 2011 was 21.7 per cent (2010: 23.1 per cent). The Group's tax rate continues to benefit from losses utilised on earnings in Germany and this year in France and further benefits from the reducing corporation tax rate in the UK.

Deferred tax assets that have been recognised in respect of losses carried forward increased to £15.4 million (2010: £11.3 million). In addition, at 31 December 2011, there were unused tax losses across the Group of £125.6 million (2010: £171.2 million) for which no deferred tax asset has been recognised. Of these losses, £68.5 million (2010: £99.4 million) arise in Germany, albeit a significant proportion have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

Earnings per share and dividend

The adjusted* diluted earnings per share has increased in line with profit growth by 13.3 per cent from 33.0 pence in 2010 to 37.4 pence in 2011. The statutory diluted earnings per share growth of 20.6 per cent was greater due to exceptional tax items in 2011.

The Board is recommending a final dividend of 10.5 pence per share, bringing the total dividend for the year to 15.0 pence (2010: 13.2 pence). Subject to the approval of shareholders at the Annual General Meeting ('AGM') on 18 May 2012, the proposed dividend will be paid on 15 June 2012 to shareholders on the register as at 18 May 2012.

Acquisitions

During 2011, the Group acquired three subsidiaries. On 1 April 2011, the Group acquired 100 per cent of Top Info SAS in France. The Top Info business was merged with our Computacenter France business on 30 December 2011 , and as a consequence no longer has its own separable cash flows. Accordingly the goodwill arising on the acquisition has been tested against the combined Computacenter France cash generating unit ('CGU').

On 11 April 2011, the Group acquired 100 per cent of HSD Consult GmbH, which has been combined in the year within the Computacenter Germany CGU.

On 21 July 2011, the Group acquired 80 per cent of Damax AG in Switzerland, and agreed to purchase the remaining 20 per cent by mid-2015 for a consideration dependent upon the achievement of agreed performance criteria over the next three and a half years. Due to the nature of the transaction, the Group has present access to the benefits associated with the remaining 20 per cent of Damax. The Group has recorded this acquisition as a linked transaction, and has accordingly consolidated 100 per cent of the results of Damax since the acquisition date and estimated the fair value deferred consideration payable.

Cash flow

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

Net funds excluding CSF reduced marginally from £139.4 million to £136.8 million by the end of the year. The Group continued to deliver strong cash generation from its operations in 2011, with adjusted operating cash flow of £95.5 million (2010: £108.2 million). In the year our outflow of cash included over £40 million on specific strategic cash investments, such as the remaining expenditure on our ERP implementation, the purchase of a new freehold facility for our RDC recycling business for approximately £11 million, and net cash outflow on acquisitions of £25.3 million.

When taking these investments into account together with tax and dividends, our net funds excluding CSF reduced marginally in the year.

Whilst the cash position remains robust, the Group continued to benefit from the extension of a temporary improvement in credit terms with a significant vendor, equivalent to £45 million at 31 December 2011, an increase of approximately £7 million from December 2010.

CSF reduced in the year from £28.4 million to £23.1 million partially due to a decision to restrict this form of financing in the light of the credit environment and reduced customer demand. Taking CSF into account, total net cash at the end of the year was £113.6 million, compared to £111.0 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 financing facilities are thus outside of the normal working capital requirements of the Group's product resale and service activities.

Capital management

Details of the Group's capital management policies are included within note 26 to the financial statements.

Financial instruments

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items that arise directly from its operations. The Group enters into hedging transactions, principally forward exchange contracts or currency swaps. The purpose of these transactions is to manage currency risks arising from the Group's operations and its sources of finance. The Group's policy remains that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate, liquidity and foreign currency risks. The overall financial instruments strategy is to manage these risks in order to minimise their impact on the financial results of the Group. The policies for managing each of these risks are set out below. Further disclosures in line with the requirements of IFRS 7 are included in note 25 to the financial statements.

Interest rate risk

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

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 2011, and at the year-end was £136.8 million excluding CSF, and £113.6 million including CSF.

Due to strong cash generation over the past three years, the Group is now in a position where it can finance its requirements from its cash balance. As a result, the Group has not renewed a number of overdraft and factoring facilities during 2010 and 2011, but has implemented a cash pooling arrangement for the majority of Group entities.

At 31 December 2011, the Group had available uncommitted overdraft of £15.9 million (2010 uncommitted overdraft and factoring facilities of £15.5 million). The Group's committed facility expired in May 2011, and was not renewed.

The Group manages its counterparty risk by placing cash on deposit across a panel of reputable banking institutions, with no more than £50.0 million deposited at any one time except for UK Government backed counterparties where the limit is £70.0 million.

Customer specific financing facilities are committed.

Foreign currency risk

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

The value of contracts where service is provided in multiple countries has increased. The Group aims to minimise this exposure by invoicing the customer in the same currency in which the costs are incurred. For certain contracts, the Group's committed contract costs are not denominated in the same currency as its sales. In such circumstances, for example where contract costs are denominated in South African Rand, the Group eliminates currency exposure for a foreseeable future period on these future cash flows through forward currency contracts. In 2011, the Group recognised a charge of £0.5 million through other comprehensive income in relation to the changes in fair value of related forward currency contracts, where the cash flow hedges relating to firm commitments were assessed to be highly effective.

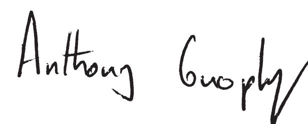
Credit risk

The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are regularly monitored thereafter. In France, credit risk is mitigated through a credit insurance policy which applies to non-Government customers and provides insurance for approximately 50 per cent of the relevant credit risk exposure.

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.



Tony Conophy
Finance Director

12 March 2012

Risk management

Protecting our business

Risk management framework

Strategic objectives

Principal risks

- Our offerings may transpire to be uncompetitive within the market or an unforeseen technology shift occurs where the market develops appetite for different equipment and solutions to those offered.
- We potentially do not dedicate correct levels of resource to satisfy our customers' varying needs for innovation.
- Our growth aspirations are impacted by the economic climate and with a certain level of uncertainty about a full return to economic stability in the short term; there is the potential for reduced capital expenditure from customers.

- There may be an absence of appropriate investment into automated tools and other efficiency measures, which effectively fails to reduce the need for manual intervention activity and thus could impact upon our competitive position or a suitable return on these investments is not achieved.

Principal mitigations

- We formally review all lost bids and most won bids to ensure that we keep abreast of customer expectation from their IT services and solutions provider. We formally review our internal service providers against price points and benchmarked service quality standards.
- We launched a Customer Value Scorecard to identify our larger customers' innovation needs and we are currently implementing the 'continual improvement framework' to detect where innovation needs are arising.
- We operate within different economies that are affected differently at different times. We also believe that our offerings are targeted specifically towards being beneficial to our customers who are looking to reduce costs.

- The industrialisation and investment review board convenes monthly and monitors the return on investment as well as the planned KPI improvements and considers future investments and improvements taking account of feedback from multiple sources within the business.

The ongoing identification and monitoring of risks are undertaken by our Group Risk Committee ('GRC'), the members of which include: the Group Chief Executive, Group Finance Director, Managing Director UK Sales, Managing Director UK Operations, Company Secretary and Group Risk Manager, Chief Executive of Germany, Director General of France and the Group Internal Auditor.

The GRC is responsible for compiling the Strategic Risk Log ('SRL') annually, a 'top down' list of unwanted situations which could prevent the strategic objectives, as established by the Board, from reaching the desired outcome. These risks also include the possibility for failure in maximising upside potential. The SRL is compiled by the Committee with facilitated guidance from an external risk consultancy, every two years, as well as the 'bottom up' Business Risk Assessment ('BRA'), as delivered by all the business leaders across the Group.

Ownership for the top 20 strategic risks is allocated across the GRC and monitored at quarterly scheduled meetings. The agenda of items considered at a GRC meeting also includes: Health and Safety, Insurance and Liabilities, Business Continuity and IT Disaster Recovery, Corporate Sustainable Development and Internal Audit reports. The Group Internal Auditor aims to provide the Group Audit Committee with feedback on the risk control measures being monitored and assurance that the assessment of risk remains active, at a senior level. The Group Internal Auditor additionally reports on findings, following internal audits of areas impacted by risks captured on the risk logs.

Assessing risk is not only about what is foreseeable. An exercise was undertaken this year by the Committee to consider the unthinkable risks, or 'black swans' and to contemplate their impact on business objectives and how best to mitigate. The disaster recovery plans have undergone review following this study, as further opportunity of minimising post-disaster chaos have, in certain instances, been identified.

The Committee this year benchmarked the SRL against an external Global Risk Management Survey and of the top 10 external findings, the SRL had captured eight, which provides some comfort that our identification process is aligned to that being undertaken in other organisations. Those generic risks more widely identified and also listed on our SRL include: business continuity risks associated with IT operational failures; our obligations under regulatory and compliance legislation; data protection exposures; and the consequences of expanding the delivery of our offerings to our customers, globally. Certain risks on the SRL have been identified as posing potential threat to our strategic objectives and some of these are detailed below.

Maximising the return on working capital and freeing working capital where not optimally used

- Following significant progress over the years in reducing working capital through the disposal of the distribution business, as well as other working capital optimisation initiatives, a material increase in working capital demand could harm further progress in this regard.

- There is continued focus on working capital controls in each country at all levels, supplemented by rigorous target based incentivisation system. In future, the ERP system will facilitate a common approach to working capital management, across the Group, through best practice and other working capital control adoption.

Growing our profit margin through increased services and high-end supply chain sales

- Resource demands could arise when transitioning multiple new service business opportunities at or around the same time.
- Our sales teams could lose focus on our defined propositions and target market resulting in the 'over promising' on the scope of services offered to new customers or making non-standard offerings during the life of a contract. This could result in margin erosion, customer dissatisfaction or delays in the initial phases of the contract.
- Our vendor partners compete in the high-end sales environment and approach our customers directly.

- We have an established transition and transformational activity programme with access to additional resources as necessary utilising our Master Vendor relationship which caters for bridging any capability and capacity concerns that may arise.
- Governance boards and a tool, through which all relevant parties have to engage, aim to prevent any non-standard offerings. All change management will be reviewed by a governance board and if material, the same approval process as for new contracts will be initiated.
- Senior management work very closely with our leading partners and customers in order to continually promote and protect the value we bring to the customer. Computacenter's customers demand optimisation of their IT infrastructures and to this end, vendor independent solutions are imperative.

Ensuring the successful implementation of the Group-wide ERP system

- With a project of this scale there is the potential that during early transition operational issues could occur which impact on customer service levels and ultimately, overall financial performance of the Company.
- After the ERP system is fully embedded there is the potential that the full return on this investment is not realised.

- The transition of the various systems have been phased over a period of circa three years, with the other countries providing back-up support to the transitioning country. Lessons learnt from 2011 transitions in Germany and the UK will be deployed in future countries.
- Return on investment plans have been developed and will be built into the internal governance structure at all relevant levels, and targets have already been included in senior management pay plans.

Corporate Sustainable Development ('CSD')

Our commitment

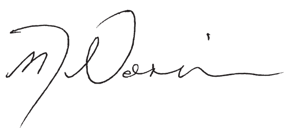
Computacenter recognises that our people and the societies and environment within which we operate are integral contributors to delivering value and supporting our key strategic aspirations. Whilst we pride ourselves on the provision of technologically advanced information solutions, we recognise that our business occurs within a wider community including employees, shareholders, customers, suppliers, business partners and the natural environment as a whole.

Since 2007, the Group has been committed to the 10 core principles of the United Nations Global Compact ('UNGC'), aimed at demonstrating ethical, environmental and social responsibility towards our own workforce and in our business interaction within each community and country we operate. In 2009, the Group published its first Communication on Progress ('CoP') on the UNGC website, followed by our second and third CoP in April 2010 and 2011. Additionally, the Group retains its membership to the FTSE4Good Index Series. The Group's CSD Policy is annually reviewed by the highest governance structure, the Group Board and the policy is executed and monitored through the facilitation of the Group CSD Committee, constituted out of representatives from across the Group as a whole.

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

We support public accountability and will publish, as part of our annual Business Review, a Report on Progress. We are also communicating our sustainability efforts and achievements with all our shareholders in the Annual Report and Accounts, as well as our Company website. We believe that what is not measured is not effectively managed and in line with this, we are endeavouring to identify at least one standard indicator ('SI'), as recognised by the Global Reporting Initiative ('GRI'), per core principle. In this regard, we have made progress, but there remains more work to be done over the coming years.

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



Mike Norris
Chief Executive Officer

Related subjects:
Directors' report - page 43
Governance - page 28

Responsible growth

Holding virtual meetings boosts productivity and cuts costs for Computacenter

Computacenter's internal sales team needs to be able to respond quickly to customer requests to ensure the success of the business. This requires excellent internal communication and collaboration, with meetings often being arranged at short notice.

With the sales team based at eight UK offices and also remote locations, face-to-face meetings were costly, time-consuming and damaging to the environment. Adrian Priest, Internal Sales Director for Computacenter, comments: "We are an extremely busy team without time to spare. Frequent travel not only increases expenses and has a negative effect on the environment but also impacts productivity."

To address these challenges, Computacenter has implemented an audio-visual solution that enables staff to conduct virtual meetings regardless of their location. Based on interactive whiteboards and data conferencing software, the solution enables meeting participants to share data remotely and automatically save meeting notes from the whiteboard to eliminate the need for manual note-taking.

By reducing the need for travel by more than 60 per cent, Computacenter has not only been able to decrease its costs but also minimise its environmental impact. Enhanced communication and less time spent travelling also helps the sales team to improve productivity.

These factors all help Computacenter to continue to deliver a responsive and efficient service to its customers while at the same time safeguarding profitability. "In addition to helping us to be more cost-effective, the solution helps my team to work effectively as a single unit, despite the geographical spread," adds Adrian. "This is critical for the performance of the team, and the overall success of the business as a whole."

Following the successful internal implementation, Computacenter has helped a number of customers deploy similar solutions to enable them to also reduce travel, cut costs and minimise carbon emissions.

Introduction and Overview of 2011:
During the whole of 2011, Computacenter was actively involved in designing and implementing a Group-wide ERP SAP system. Much resource and time was dedicated to this project and we are proud, in light of these demands, to have managed to maintain our CSD standards and not deteriorate. Our longer-term aspirations are however, to improve our CSD standards and as this project moves closer to conclusion over the first half of 2013, our focus will again turn towards improvement targets. We are also encouraged that the ERP system is designed, as the 'go-live' phases embed, to deliver accurate Group-wide data, potentially more aligned to the GRI score card allowing us to take a better view on our most suitable SIs to report against.

Human rights

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

2011 objectives and achievements – SI not formalised

- Maintain human rights awareness through the Company's 'Principles of Employee Behaviour'
- Germany will launch a comprehensive life balance awareness programme, the LEO programme, aimed at engaging employees within the second half of their careers, as well as young professionals

✓ Human rights protection policies and procedures reviewed across the Group and incorporated into induction and new starter handbooks

✓ LEO programme first launched in Germany, with successful delivery of the first module

✓ A successful assessment in 2011 confirmed that the UK Company exceeded the Investors in People standards required

2012 objectives

- Maintain human rights awareness through the Company's 'Principles of Employee Behaviour'

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

2011 objective and achievements – SIs = AIR and AFR*

- Maintain the Accident Incident Rate ('AIR') at below 2.5 and the Accident Frequency Rate ('AFR') below 1.0

✓ In the UK, the average AIR increased to 0.95 (2010: 0.61) and the average AFR increased to 0.52 (2010: 0.34)

✓ In Germany, the average AIR reduced to 1.35 (2010: 1.53) and the average AFR declined to 0.76 (2010: 0.86)

✓ In France, the average AIR reduced to 1.36 (2010: 1.40) and the average AFR remained at 0.78 (2010: 0.78)

- Retain BS OHSAS 18001 and UVDB certifications – BS OHSAS 18001 and UVDB certifications retained
- Progress implementation of the MASE Health and Safety management system in France present Stress Prevention awareness sessions in France and Germany

✓ MASE implementation continues in France

✓ 25 per cent of staff in France completed the Stress Prevention course

✓ Stress Awareness and Prevention workshops delivered to more than 550 staff members in Germany

2012 objectives

- Maintain the AIR at below 2.5 and the (AFR) at below 1.0
- 100 per cent of French management to attend the Stress Prevention awareness workshop
- Establish an e-learning platform in Germany to facilitate the availability to all of a variety of health and safety presentation awareness modules

* AIR – Number of accidents per 1,000 employees.
AFR – Number of accidents per 100,000 working hours.

2. Ensure that the Group is not complicit in human rights abuses

2011 objectives and achievements – SI not formalised

- Maintain key and new vendor assessments through the vendor conformance questionnaire and monitoring of the returns

✓ The Supplier Assessment questionnaires returned are all reviewed for Bribery exposure and this information is shared between the various companies in the Group

2012 objectives

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

Labour standards

3. Uphold employees' freedom of association

2011 objectives and achievements – SI not formalised

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

✓ New vendors continue to be required to complete the vendor conformance questionnaire and information is shared across the Group

- Embed the new processes involved in the Works Council in Germany

✓ New Works Council activities and processes initiated

2012 objectives

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

Corporate Sustainable Development ('CSD') continued

4. Eliminate all forms of forced and compulsory labour

2011 objectives and achievements – SI not formalised

- Maintain current status and reassess vendor conformance, through the review of questionnaire responses
- ✓ New vendors continue to be required to complete the vendor conformance questionnaire and information is shared across the Group
- Select supplier audits will be conducted in France, in order to verify sustainable development conformance levels and these activities will be monitored quarterly by utilising the GRI scorecard
- ✓ Initial conformance verification audits have commenced in France, but GRI scorecard measurement postponed

2012 objectives

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

5. Abolish all forms of child labour

2011 objectives and achievements – SI not formalised

- Continue to develop young careers
- ✓ In the UK, the graduate development programme was repeated with a further intake of 12 graduates. The Handelsblatt und Junge Carriere's seal of a Fair Company was retained at Computacenter Germany and the Exploras programme, which regulates the conditions for working students at Computacenter Germany, was continued

2012 objective

- Continue to develop young careers and seek assurance from all key vendors that no child labour is deployed, on behalf of the Group, in non-European geographies

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

2011 objectives and achievements – SI = Increase in staff utilisation of the UK Benefits@Computacenter website

- A work life balance intranet portal, including family support, Balance@Computacenter, launched in Germany, will be expanded and its availability promoted during 2011
- ✓ This portal has been expanded to promote the 24-hour support 'hot-line' employee assistance programme
- The Benefits@Computacenter offering will be further promoted in the UK
- ✓ Employee awareness and participation in the MyBenefits scheme increased to a 73 per cent uptake
- France's HR team will improve the recruitment of minority groups
- ✓ 39 per cent more seniors in full-time employment and circa 20 per cent more disabled in full time employment since 2010

2012 objectives

- Re-evaluate the benefits plan in the UK for competitiveness from suppliers
- Consider a programme in the UK to focus on 'work-life' balance
- Increase awareness about the availability of the Employee Assistance Scheme ('EAP') in the UK
- Prepare the UK pension scheme for the automatic enrolment process
- Progress the gender equality agreement reached with the employee representatives in France
- Sign up to the French government initiative, Parenthood Charter and commence initial actions aligned to the charter's principles

Environment

7. Apply precaution to activities which can impair the environment

2011 objectives and achievements – SI not formalised

- Proceed with the installation of the Voltage Optimisation devices at Hatfield and monitor the electricity consumption
- ✓ Voltage Optimisation devices all fitted at Hatfield and despite upwards pressure on consumption, due to a large project, total consumption at the Group head office location reduced from the 2010 consumption of 2.172 million kWh to 2.134 million kWh.
- Proceed with the viability study for the installation of a 15 to 20 kW wind turbine installation at Hatfield
- ✓ The viability study confirmed that very limited consumption reduction would result and the cost of installing a turbine at the Hatfield location, not justifiable
- Achieve certification to level 1 to the 1, 2, 3 Environmental Standards in France
- ✓ ISO 14001 Level 1 certification achieved
- Expand on the participation in Germany in the Volkswagen Green Fleet programme
- ✓ 80 per cent of all Volkswagen vehicles in the fleet in Germany have 'blue-motion' technology
- Monitor and work towards improving the level of CO_2 emissions from the vehicles of the UK Company
- ✓ The average CO_2 emitted per UK fleet vehicle reduced from 168 g/km in 2009, to 146 g/km in 2010 and further to 129 g/km – a reduction of nearly 12 per cent

2012 objectives

- Continue to monitor the energy consumption levels at the Group head office and the CO_2 emissions of the UK and Germany vehicles, with the aim of improving further
- Achieve certification to ISO 14001 level 2 of the 1, 2, 3 Environmental Standards in France
- Relocate French head office and warehouse to 'friendlier' environment facilities

8. Undertake initiatives to promote greater involvement in the community

2011 objectives and achievements – SI = Track and monitor charity fundraising activities

- Maintain the current level of charity fundraising activity, with an appropriate focus on local needs
- ✓ Employees in the UK raised nearly £83,000 (2010: £115,000) during 2011, for the chosen charity partners. Support for the Hertfordshire Fire and Rescue dogs continued as well as support for Kidsafe a road safety awareness campaign at local schools
- ✓ Computacenter France continued its support to NGO Aide et Action
- Continue to track and monitor charity fundraising activities
- ✓ Employees in Germany are encouraged to report their private charity efforts and such voluntary activities are logged and internally publicised
- ✓ Group subsidiary and reuse and recycling specialists, RDC, supplies quality refurbished computer equipment to more than 70 countries, thereby assisting in the provision of affordable access to IT

2012 objectives

- Exceed the current level of charity fundraising activity
- Continue to track and monitor charity fundraising activities

9. Encourage the development of environmentally friendly technologies

2011 objectives and achievements – SI = Proportion of customer contract wins where 'Green IT' was part of the contract scope

- Actively market the datacenter solutions
- ✓ The Group has significantly increased the number of servers within its primary datacenter facilities to answer the increased uptake of external hosting demand
- Continue to track customer demand for 'Green IT' offerings
- ✓ In 2011, 16.10 per cent (2010: 17.71 per cent) of new contract wins included a 'Green IT' brief
- Computacenter France will expand their 'Green IT' Advisory Services for customers
- ✓ France has increased the scope of the 'Green IT' offering to include and Print Optimisation solutions
- ✓ RDC has materially improved the environmental 'friendliness' of their packaging material

2012 objectives

- Continue to track customer demand for 'Green IT' offerings
- Computacenter France will expand on its 'Green IT' Advisory Services for customers, with the addition of audit and consulting services

Anti-corruption

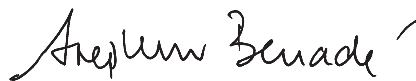
10. Impede corruption in all its forms, including extortion and bribery

2011 objectives and achievements – SI not formalised

- Launch training and anti-bribery awareness sessions across the Group to ensure alignment to the Code of Conduct
- ✓ Following the Group-wide adoption of a new Anti-Bribery Code of Conduct, awareness sessions were delivered and formal commitment to the Code of Conduct obtained, on a risk-based approach, across the whole Group

2012 objectives

- Maintain an awareness of anti-bribery and the prohibition of improper business practices and comprehensively investigate all reported instances of suspected improper practices. Awareness sessions across the Group to ensure alignment to the Code of Conduct
- Maintain a register of gifts and hospitality and review the register at appropriate intervals



Stephen Benadé
Company Secretary

12 March 2012

Board of Directors

Strong leadership drives corporate governance

1. Greg Lock

Title:	Non-Executive Chairman and Chairman of the Nomination Committee
Committee membership:	N, R

Greg is the Non-Executive Chairman of Kofax plc and also chairs the Nomination Committee of Kofax plc. Greg is a Non-Executive Director of UBM plc. He has extensive experience in the software and computer services industry, including four years as Non-Executive Chairman of SurfControl plc and 30 years at IBM in a variety of senior roles, including as General Manager of IBM's Global Industrial sector from 1998 to 2000, a member of IBM's Worldwide Management Council and a governor of the IBM Academy of Technology. Age 64.

2. Mike Norris

Title:	Chief Executive

Mike Norris graduated with a degree in Computer Science and Mathematics from East Anglia University in 1983. He joined Computacenter in 1984 as a salesman in the City office. In 1986 he was Computacenter's top account manager. Following appointments as Regional Manager for London Operations in 1988 and General Manager of the Systems Division in 1992 with full sales and marketing responsibilities, he became Chief Executive in December 1994 with responsibility for all day-to-day activities and reporting channels across Computacenter. Mike also led the Company through flotation on the London Stock Exchange in 1998. Mike is also Non-Executive Chairman of Triage Holdings Limited. Mike was awarded an Honorary Doctorate of Science from Hertfordshire University in 2010. Age 50.

3. Tony Conophy

Title:	Finance Director

Tony has been a member of the Institute of Chartered Management Accountants since 1982. He qualified with Semperit (Ireland) Ltd. and then worked for five years at Cape Industries plc. He joined Computacenter in 1987 as Financial Controller, rising in 1991 to General Manager of Finance. In 1996 he was appointed Finance and Commercial Director of Computacenter (UK) Limited with responsibility for all financial, purchasing and vendor relations activities. In March 1998 he was appointed Finance Director to the Group. Age 54.

4. Peter Ogden

Title:	Non-Executive Director

Sir Peter founded Computacenter with Philip Hulme in 1981 and was Chairman of the Company until 1998, when he became a Non-Executive Director. He is Chairman of Dealogic (Holdings) plc, a Director of Biomni Limited and prior to founding Computacenter, he was a Managing Director of Morgan Stanley and Co. Sir Peter is Founder, Chairman and Trustee of the Ogden Trust, a member of the Development Councils of both Durham University and Westminster School, a member of the Royal Society 350th Anniversary Campaign Board and a Patron of Support and Help in Education. Age 64.

5. John Ormerod

Title:	Non-Executive Director and Chairman of the Audit Committee
Committee membership:	A, N, R

John is the Senior Independent Director and Audit Committee Chairman of Misys plc, a Non-Executive Director and Chairman of the Audit Committees of both Gemalto NV and ITV Plc and Non-Executive Chairman of Tribal Group plc. John has extensive experience of being a Non-Executive Director for several companies and public bodies. John is a chartered accountant. He has held senior positions with Arthur Andersen and with Deloitte. Age 63.

6. Philip Hulme

Title:	Non-Executive Director

Philip founded Computacenter with Peter Ogden in 1981 and worked for the Company on a full-time basis until stepping down as Executive Chairman in 2001. He is a Non-Executive Director of Dealogic (Holdings) plc and was previously a Vice President and Director of the Boston Consulting Group. Philip is a Director of Biomni Limited and is the Founder and a Trustee of the Hadley Trust. Age 63.

7. Ian Lewis

Title:	Non-Executive Director
Committee membership:	A, N, R

Ian is Director of the University Computing Service at the University of Cambridge. During his career he has held a number of senior positions, including First Vice President and Global Chief Technology Officer of Merrill Lynch's Investment Banking and Sales division and Global CTO at Dresdner Kleinwort Wasserstein Investment Banking. Age 51.

8. Brian McBride

Title:	Non-Executive Director, Senior Independent Director and Chairman of the Remuneration Committee
Committee membership:	A, N, R

Brian is the former Managing Director of Amazon.co.uk. He began his career at Xerox and has worked at IBM, in the UK, Europe and the USA. Brian has also worked at Crosfield Electronics, Madge Networks, Lucent and Dell Computers and was managing director of T-Mobile (UK). Brian has had broad non-executive experience, having served as Chairman of the Remuneration Committee and Senior Independent Director of SThree plc, a Non-Executive Director of Celtic Football Club plc and the British Retail Consortium and Chairman of Virgin Mobile. He is currently a member of the Advisory Boards of Numis Securities and Huawei UK and a Non-Executive Director of Monitise plc, MX Data Limited and the BBC Executive Board. Brian is a Venture Partner (part-time) with Scottish Equity Partners and is a Trustee of In Kind Direct, a charity which redirects surplus products to the needy. Age 56.

Board member attendance

1. Greg Lock	17/17
2. Mike Norris	17/17
3. Tony Conophy	17/17
4. Peter Ogden	13/17
5. John Ormerod	15/17
6. Philip Hulme	14/17
7. Ian Lewis	15/17
8. Brian McBride	15/17

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

Corporate governance statement

Our commitment to compliance

The Board remains committed to the principles of good corporate governance and supports the best practice guidelines contained within the UK Corporate Governance Code ('the Code') published in June 2010, which can be found on the FRC's website (www.frc.org.uk/corporate/ukcgcode.cfm). This statement explains the Company's governance policies and practices and sets out how the principles of the Code have been applied during the year ended 31 December 2011 ('the year'). The Board confirms that, save as where detailed below, the Company has complied with the Code throughout the year.

Board of Directors

The membership of the Board as at 31 December 2011 is as set out on pages 26 and 27. The Board comprises two Executive Directors, five Non-Executive Directors and the Chairman. The Chairman, Greg Lock, was considered by the Board to be independent on appointment and Ian Lewis, John Ormerod and Brian McBride are all considered to be independent. Brian McBride is the Senior Independent Director, following his appointment to the Board on 10 January 2011. Prior to this date, John Ormerod acted as the Senior Independent Director, pending the new appointment to the Board.

The Board acknowledges that the Company is not in compliance with paragraph B.1.2 of the Code, which requires at least half the Board, excluding the Chairman, to be independent Non-Executive Directors. Both Philip Hulme and Peter Ogden, who are Non-Executive Directors and the founders of the Company, are not considered independent, due to their long tenure, substantial shareholding in the Company and their previously held executive positions in the Company. Notwithstanding this, the contribution that these two Directors make to the Board is highly valued, as the two Directors bring a wealth of experience to the Board, not only from having founded the Company, but from their other ongoing businesses activities.

Roles and responsibilities of the Board

The Board is responsible for the overall management and performance of the Group. To this effect, the Board sets the Company's strategic aims and ensures that sufficient resources are in place to meet these objectives and reviews the performance of senior management in order to ensure that they are meeting the agreed objectives. The Directors set those values and standards which ensure that obligations to shareholders and other stakeholders are understood, their expectations are met and that satisfactory dialogue with shareholders is maintained. A framework of controls exists to ensure that risks are properly identified, effectively assessed and prudently managed.

The roles of Chairman and Chief Executive are separate and their responsibilities are clearly defined in writing, reviewed annually and approved by the Board. In summary, the Chairman's role is to lead and manage the Board. The Chairman stimulates contribution from all Directors and is responsible for ensuring that constructive interaction remains between the individual members of the Board. The Chief Executive, in turn, is responsible for the day-to-day management of the Group's operational activities and for the proper execution of the strategy, as approved by the Board. There is no dominant individual or group of individuals on the Board influencing the decision making processes and the Board is comfortable that the contribution of all the Directors is valued. The Board believes that it oversees the Group effectively and maintains a proactive approach.

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

Diversity

The Board supports equal opportunities and recognises the benefits that diverse skills, experience and points of view can bring to an organisation and the decision making ability required from the Board. In this regard, the Board has considered the recommendations made in the Davies Report, 'Women on Boards', published in February 2011, as well as the continuing debate on the matter and whilst the Board recognises the principles involved, appointments will primarily remain based on merit.

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

Board effectiveness

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

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

The Board, its Directors and its Committees are subject to annual performance reviews, which are led by the Chairman, or the relevant chairman in the case of each Committee. Each chairman sets the scope and format for the review. This year, the Board evaluation was initiated with the completion and return by each Director of an assessment questionnaire. An analysis by the Chairman of the returned questionnaires crystallised those areas upon which to focus during individual meetings between each of the Directors and the Chairman. The information obtained through both the analysis of the returned questionnaires and the individual discussions were summarised and, together with recommendations for improvement, included in a report for discussion and consideration by the Board as a whole. Whilst the Board was broadly assured that it fulfilled its role effectively, recommendations of improvement related primarily to the development of the strategy, monitoring progress in the implementation and in ensuring proper oversight and constructive challenge by the Board. In this regard, plans to incorporate these suggested improvements are underway.

The Board recognises that the UK Corporate Governance Code requires that an externally facilitated evaluation on its effectiveness be undertaken at least once every third year and in this regard the Board is currently compliant to this Code. The Board has considered in detail whether to satisfy this requirement during the year, but could not conclusively determine the added value incrementally to the traditional evaluation process and how this would deliver significant benefit. The Board continues to believe that its internal evaluation process is both robust and thorough and, therefore, decided not to have an externally facilitated evaluation for this year. The Board will keep the matter under review and will continue to explore the market and consider providers for possible externally facilitated evaluations in the future.

The performance of the Chairman is assessed by the Non-Executive Directors, led by the Senior Independent Director. All the Directors provided positive feedback to the Senior Independent Director on the performance of the Chairman.

Board support

The Company Secretary is responsible for advising the Board on all corporate governance matters and for ensuring that all Board procedures are followed, applicable rules and regulations are complied with and the Board is updated on regulatory and governance matters. All Directors have access to the advice and services of the Company Secretary.

A procedure is in place to enable individual Directors to obtain independent professional advice, at the Company's expense, where they believe it is important to the furtherance of their duties.

Board meetings

Details of the Directors' attendance at Board and Committee meetings are provided on pages 27, 32, 34 and 35.

Directors

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

Whilst the Company's Articles of Association require a Director to be subject to election at the first AGM following his or her appointment and thereafter every third year, the Board has decided that, in accordance with the UK Corporate Governance Code, all Directors should be subject to re-election at the next AGM on 18 May 2012.

Board Committees

The Board has delegated certain governance responsibilities to three principal Board Committees: Audit Committee; Remuneration Committee; and Nomination Committee. The Terms of Reference for each Committee can be obtained from the Company's website www.computacenter.com/investors or from the Company Secretary, by request. The composition of the Committees appear on pages 27, 32, 34 and 35 and directly following this report, are reports from the chairman of each Committee setting out the main responsibilities of the Committees and their main activities during the year. These reports may be found from pages 32 to 42.

Corporate governance statement continued

Relations with shareholders

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

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

In addition, once a year, the Company's top 15 shareholders are invited to meet the Chairman and the Company Secretary to provide feedback on the Company's management and raise other comments. Specifically, at these meetings, the Company Secretary discusses the Company's corporate governance arrangements and invites feedback on any areas of particular interest from the shareholders. The information received is then used as part of the evaluation of the Board's effectiveness.

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

Internal controls

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

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

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

Responsibilities and authority structure

The Board has overall responsibility for making strategic decisions and there is a written schedule of matters reserved for the Board. The Group Executive Committee meets on a quarterly basis to discuss day-to-day operational matters, in addition to the separate Executive Committees which have been established for each of the Group's operations in the UK, France and Germany and which also meet quarterly. The Executive Directors therefore discuss operational matters with the senior management teams, at least at four separate meetings per quarter. A flat reporting structure is maintained across the Group, with clearly defined responsibilities for operational and financial management.

Control environment

The Group operates defined authorisation and approval processes throughout all of its operations. Access controls exist where processes have been automated to ensure the security of data. Management information systems have been developed to identify risks and to enable assessment of the effectiveness of the systems of internal control. Accountability is reinforced and further scrutiny of costs and revenues encouraged, by the linking of staff incentives to customer satisfaction and profitability.

Planning and reporting processes

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

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

Risk management

The Group Risk and Insurance Department monitors developments and oversees compliance with legislative and regulatory requirements. A comprehensive risk management programme is developed and monitored by the Group Risk Committee, the members of which include senior operational managers across the Group, the Finance Director, the Group Risk Manager and the Group Internal Auditor. The Group Risk Committee is chaired by the Group's Chief Executive. Further information on the Company's risks can be found within the Risk report on pages 20 and 21. Through a programme of assessment, appropriate measures and systems of control are maintained. Detailed business interruption contingency plans are in place for all key sites and these are regularly tested, in accordance with an agreed schedule.

Capital expenditure and investments

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

Centralised treasury function

The Board has established and reviews regularly key treasury policies over matters such as counterparty exposure; borrowing arrangements; and foreign exchange exposure management. All cash payments and receipts are managed by centralised finance functions within each of the operating companies. Weekly reporting of cash balances to the Group Finance Department ensures that the position of the Group, as a whole, is properly controlled. The management of liquidity and borrowing facilities for customer specific requirements, ongoing capital expenditure and working capital of the business is undertaken by the Group Finance Director, with regular reporting to the Board.

Quality and integrity of staff

Rigorous recruitment procedures are in place to ensure that new employees are of a suitable calibre. Management continuously monitors training requirements and ongoing appraisal procedures are in place to ensure that required standards are maintained. Resource requirements are identified by managers and reviewed by the relevant national Executive Committee.

Business ethics

The Company has a comprehensive Business Ethics Policy in place and should an employee be found in breach of the policy, appropriate disciplinary actions are applied. Part of this policy is the Company's whistleblowing procedure where concerns of wrongdoing can be reported to the Group Internal Auditor or the Chairman of the Audit Committee. Following the effective date of the new UK Bribery Act, on 1 July 2011, the Company also reviewed its policy and procedures to actively prevent bribery within the Company's business, in addition to establishing a separate and specific Anti-Bribery Code of Ethics, across the Group.

Internal audit

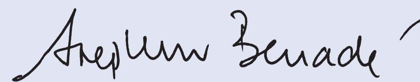
The Group has an internal audit function led by the Group Internal Auditor who reports to the Chairman of the Audit Committee.

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

Compliance with DTR

The information that is required by DTR 7.2.6, information relating to the share capital of the Company, can be found within the Directors' report from page 44.

By order of the Board



Stephen Benadé
Company Secretary

12 March 2012

Audit Committee report

Audit Committee

John Ormerod
Audit Committee
Chairman

Members	Role	Attendance record
1. John Ormerod (Chairman)	Non-Executive Director	7/7
2. Ian Lewis	Non-Executive Director	6/7
3. Brian McBride (since 10 Jan 2011)	Senior Independent Director	6/7

Responsibilities of the Audit Committee

The key responsibilities of the Audit Committee are to oversee and monitor:

- The integrity of the Company's financial reporting and reviewing any findings raised during the external audit.
- The Company's relationship with the external auditor, including the selection, appointment, reappointment and engagement of the external auditor, their independence and fee, the level and nature of non-audit work provided by the external auditor, the nature and scope of the external audit and the external auditor's effectiveness.
- The effectiveness of the Company's systems for internal controls and risk management.
- The effectiveness of the Company's procedures for handling complaints from whistle blowers, detecting fraud and for preventing bribery.
- The Company's internal audit function, including the resourcing of this function, the internal audit plan and management's response to audit issues raised.

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

Membership and meetings

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

Details of the members of the Audit Committee and their attendance at the Committee meetings during the year are provided above and on page 27.

Other Board members, as well as the Group Internal Audit Manager, Group Financial Controller and the external auditor routinely attend, at the Committee's request, meetings of the Committee.

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

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

The Company Secretary is the secretary to the Committee.

Main activities of the Committee during 2011

The Audit Committee met seven times during 2011 and its work included:

- Reviewing the financial statements for both the 2010 full-year and the 2011 half-year, as well as the interim management statements, considering reports from external auditors as appropriate. As part of reviewing these financial statements, the Committee considered the key judgements made, including the revenue recognition on managed service contracts. The Committee also considered the accounting treatment for acquisitions made during the year.
- Reviewing the relationship with the external auditor. The Committee reviewed the independence and effectiveness of the external auditor. This was achieved through receiving feedback from Committee members and relevant management; reports from the auditors on their quality controls and independence policies; as well as performing a review of the report published by FRC's Audit Inspection Unit on Ernst & Young and the other major firms. The Committee updated its policy on the provision of non-audit work provided by the external auditor, a summary of which is set out below. The Committee monitored compliance with this policy by approving the audit fee and monitoring the level of non-audit work provided by the external auditor. The Committee considered the reappointment of the external auditor and concluded that the external auditor remained effective and independent and recommended their reappointment.
- Overseeing the Company's implementation of its policy and procedures to prevent bribery and corruption, the Company's review of its business ethics policy and the procedures in place for reporting and investigating allegations of inappropriate behaviour. The Committee

concluded that the policies and procedures on all such matters remained adequate and effective, but initiated an independent assessment to be carried out during the first half of 2012 in order to review the implementation of enhanced procedures designed to minimise the risk of bribery and comply with the UK Bribery Act.

- Reviewing the risk management procedures and internal controls. The Committee oversees the implementation of risk management procedures on the basis of which the Board assesses risk, sets risk appetite and monitors procedures to mitigate risk. The Committee reviewed controls in selected areas including treasury, foreign exchange and counterparty risk, as well as tax compliance and tax risk. Drawing on the work of internal audit, the Committee assist the Board with the review of the effectiveness of internal controls.
- Overseeing the internal audit function, including a review of the department's resources, the internal audit reports and management's response. The Committee particularly focussed on the internal audit work undertaken in relation to the implementation of the Group-wide ERP system.
- Reviewing the Committee's effectiveness. In prior years, this was principally carried out by the Board providing input through submission of a completed questionnaire. In 2011, to encourage more comprehensive feedback, this was done by the Company Secretary meeting with each Committee member, Chairman of the Board, Executive Directors, as well as internal and external audit, to seek their views on areas for change and improvement. The main findings and recommendations were, amongst others, increased exposure of the Committee to the senior finance managers across the Group, monitoring further the continuing development of risk management processes as well as reviewing the Committee's role in merger and acquisition activity. Plans were agreed to address the various recommendations.
- Receiving updates and training on the recent developments in accounting and governance. This was provided by the Company Secretary and the Company's auditors.
  The Company Secretary also facilitates attendance by Committee members at seminars on topics such as financial reporting, risk management and corporate governance.

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

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

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

John Ormerod
Chairman of the Audit Committee

12 March 2012

Nomination Committee report

Nomination Committee

Greg Lock
Nomination Committee Chairman

Members	Role	Attendance record
1. Greg Lock (Chairman)	Chairman	2/3
2. Ian Lewis	Non-Executive Director	1/3
3. John Ormerod	Non-Executive Director	3/3
4. Brian McBride (since 10 Jan 2011)	Senior Independent Director	3/3

Responsibilities of the Nomination Committee

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

- The search and selection process for the appointment of both Executive and Non-Executive Directors to the Board.
- Reviewing whether to recommend a Director for re-election at the AGM.
- Determining whether the Board's composition remains appropriate, with particular regard to the balance and skills, knowledge, experience and diversity, including that of gender.
- Succession planning of the Board and the induction, training and development of the Directors.

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

Membership and attendance

The members of the Nomination Committee are all the independent Non-Executive Directors and the Chairman is the Chairman of the Board. However, input from all the Directors is sought by the Committee and the Committee involves the Board as a whole when performing its key responsibilities. Details of the membership and attendance at Committee meetings during the year are provided above and on pages 26 and 27.

The Company Secretary is the secretary to the Committee.

Main activities of the Committee during 2011

The Nomination Committee met on three occasions during 2011 and its work included:

- Reviewing the performance of the Directors who stood for re-election at the 2011 AGM and recommending their re-election.
- Reviewing, in my absence, the renewal of my appointment as Chairman of the Board.
- Considering the composition of the Board through a review of the skills, knowledge and experience of the individual members and concluding on the appropriateness of the Board's combined ability to adequately challenge and support the Company's aspirations. Further details are also provided in the Corporate Governance Report.

Greg Lock
Chairman of the Nomination Committee

12 March 2012

Remuneration Committee report

Remuneration Committee

Brian McBride
Remuneration Committee Chairman

Members	Role	Attendance record
1. Brian McBride (since 10 Jan 2011)	Senior Independent Director	5/5
2. Ian Lewis	Non-Executive Director	5/5
3. John Ormerod	Non-Executive Director	5/5
4. Greg Lock	Non-Executive Director	4/5

Responsibilities of the Remuneration Committee

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

- The Company's general policy on Executive remuneration.
- The specific remuneration packages of the Executive Directors, the Chairman of the Board and Senior Executives of the Company, including, but not limited to, salary, bonus share incentive schemes, pension rights and termination payments.

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

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

Membership and attendance

All members of the Remuneration Committee are Independent Non-Executive Directors. Details of the membership and attendance at Committee meetings during the year are provided above and on pages 26 and 27.

The Company Secretary is the secretary to the Committee.

The principal adviser to the Committee is Mercer Limited who assisted the Committee during the year on benchmarking the Executive Directors' and Senior Executives' remuneration. Mercer provides no other services to the Company. In addition, both Stephen Benadé (Company Secretary) and Barry Hoffman (HR Director) provided advice to the Committee during the year.

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

Main activities of the Committee during 2011

The Remuneration Committee met five times during 2011 and its work included:

- Determining whether the performance conditions had been met for the vesting of the 2008 (for the UK and Germany) and 2009 (for France) grants under the Performance Share Plan.
- Approving the 2010 bonus awards and the 2011 bonus scheme for the Executive Directors and Senior Executives. The 2011 bonus scheme targets were reviewed and adjusted upwards in the year, following the completion of two acquisitions.
- Reviewing the grants under the Long Term Incentive Plans to the Executive Directors and Senior Executives.
- Responding to questions raised by shareholders on remuneration.
- Approving a minimum shareholding policy for the Executive Directors and Senior Executives.
- Investigating and receiving external advice from Mercer on benchmarking the remuneration of the Executive Directors and the Senior Executives.
- Reviewing the 2012 salary increases of the Executive Directors and Senior Executives, including the bonus framework and objectives.
- Recommending the Chairman's fee.
- Undertaking an evaluation of the Committee and reviewing and updating the Committee's terms of reference.
- Evaluating its own performance and following a review, the Committee concluded that it was largely effective in performing its functions, but initiated activity to address recommendations for the Committee to investigate the remuneration principles and structures applied within the wider management group of the Company. Plans were also initiated to bring shareholder and interested party comments regarding Computacenter's remuneration aspects to the attention of the Committee, without delay.

Remuneration Committee report continued

Remuneration policy

The Company's remuneration policy is designed to reward Executive Directors with remuneration arrangements that are competitive, but not excessive and which closely align the interests of the Directors and shareholders. The policy is designed to ensure that a significant proportion of the total remuneration is dependent upon the Group's financial performance over the fiscal year, as well as over extended periods and that the remuneration policy is aligned to the Group's risk profile. These objectives are achieved through a combination of base salary and benefits, performance-related annual bonuses, a defined contribution pension scheme and long-term incentive plans.

The Committee considers, when reviewing the remuneration of the Executive Directors and Senior Executives, the wider remuneration levels of all employees of the Group. The Committee reviews the average base salary increases applied across the Group when base salary increases of the Executive Directors and Senior Executives are considered. The audited tables and related notes are identified within the report, with the Ⓐ key. A resolution to approve this report will be proposed at the Company's forthcoming Annual General Meeting on 18 May 2012.

Executive remuneration

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

Ⓐ

Executive	2012 Base salary	2011 Base salary and fees	2010 Base salary and fees	2012 Maximum bonus potential	2011 Maximum bonus potential	2011 Actual bonus	2010 Actual bonus	**2011 Total remuneration**	2010 Total remuneration
Mike Norris	£500,000	£500,000	£475,000	£600,000	£550,000	£350,350	£467,875	**£850,350**	£942,875
Tony Conophy	£325,000	£332,465	£314,800	£300,000	£290,000	£192,560	£221,630	**£525,025**	£536,430

Each Executive Director's base salary is reviewed annually to ensure that it remains appropriate and fair. In setting base salary levels, the Committee considers a variety of factors including information provided by the remuneration consultants, Mercer, on remuneration levels and trends in peer companies.

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

Performance-related bonus scheme

The Remuneration Committee believes that it is important that the Executive Directors are incentivised in a way that aligns with the Company's strategy and the interests of the Company's shareholders. The Remuneration Committee has devised a performance-related bonus scheme for the Executive Directors which is well structured and aims to achieve this objective.

Each December, the Remuneration Committee meets to set not only the base salary for the Executive Directors, but to determine the performance targets for their bonuses for the forthcoming year. The Executive Directors are then notified of these targets in January. However, once set, the Committee continually reviews these targets throughout the year to ensure that they remain appropriate. For example, in 2011, the Remuneration Committee revised upwards the profits targets for the Executive Directors following the successful acquisitions of both Top Info SAS and Damax AG.

The bonus arrangements for the Executive Directors for 2011 and 2012 are:

	Performance target element	2012	2011
Mike Norris	Profit – Group profit before tax	Up to 45%	Up to 45%
	Services contribution growth	Up to 15%	Up to 15%
	Cost savings	Up to 10%	Up to 10%
	Cash balance	Up to 10%	Up to 10%
	Personal objectives	Up to 20%	Up to 20%
	Total:	100% of max. bonus potential	100% of max. bonus potential
	Maximum bonus potential	£600,000	£550,000
	Base salary	£500,000	£500,000
	Maximum potential bonus % of base salary	120%	110%
	Actual bonus paid	–	£350,350
	% of base salary	–	70.1%
Tony Conophy	Profit – Group profit before tax	Up to 45%	Up to 45%
	Services contribution growth	Up to 10%	Up to 10%
	Cost savings	Up to 15%	Up to 10%
	Cash balance	Up to 10%	Up to 15%
	Personal objectives	Up to 20%	Up to 20%
	Total:	100% of max. bonus potential	100% of max. bonus potential
	Maximum bonus potential	£300,000	£290,000
	Base salary	£325,000	£315,000
	Potential bonus % of base salary	92.3%	92.1%
	Actual bonus paid	–	£192,560
	% of base salary	–	61.1%

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

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

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

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

Remuneration Committee report continued

Pension

The Executive Directors participate in the Computacenter Pension Scheme, a defined contribution salary sacrifice scheme, under which a maximum annual Company contribution of £5,975 per employee is payable, based on base salary. For 2011, the CEO and Finance Director received the maximum annual Company contribution of £5,975. The scheme is open to all UK employees and allows employees to make additional salary sacrifices, which the Company may contribute to the scheme, on their behalf.

Long-term incentive plans

Long-term incentive plans are considered to be an important part of the executive remuneration policy, designed to support management retention and motivation, whilst aligning senior management's interests with those of shareholders.

The details of the historical grants and associated performance conditions are set out in the table of Directors' Interests in Share Plans on page 40.

Performance Share Plan – annual awards

The Performance Share Plan 2005 ('PSP') is the Company's primary long-term incentive plan for Executive Directors and Senior Executives and has been operating since 2006. The Remuneration Committee approves grants under this scheme, once a year, although further grants may be made in appropriate circumstances.

Under the PSP, awards may be made to Executive Directors and Senior Executives in the form of either a conditional right to acquire shares in the Company or the grant of a nil-cost option to acquire shares. The vesting of awards is subject to the satisfaction over a three-year period of performance conditions determined by the Remuneration Committee at the time the awards are made.

At the end of 2010, the Remuneration Committee commissioned an external adviser, Mercer, to undertake a review of the PSP in the context of the overall remuneration packages of Executives, which culminated in the shareholders passing a resolution at last year's AGM, whereby the rules of the PSP (the 'PSP Rules') were amended. The principal amendments to the PSP Rules were that:

(1) in any one year, the market value of shares in respect of which awards can be made to an Executive can now be up to two times base salary (previously the multiple was one) and, in exceptional circumstances, the multiple can now be four times base salary (previously the multiple was two); and
(2) awards under the plan may now be made as nil-priced options rather than performance shares and options granted are now capable of being exercised for a seven-year period following vesting; and
(3) the performance measure for awards from 2011 onwards was changed from EPS growth relative to inflation to absolute EPS growth; and
(4) the vesting schedule was amended to ensure that the increase in the maximum award is subject to stretch performance measures.

The amendments to the PSP Rules were to allow for potentially greater rewards in return for achieving more significant growth targets, to encourage the retention of interests in shares following vesting at the end of the three-year performance period and to give the Executives flexibility to choose when to exercise their awards.

The PSP awards granted to the Executive Directors on 17 March 2011 were made on the assumption that the PSP Rules would be amended at the 2011 AGM and hence the multiple of two times base salary was used for each Executive Director in determining the awards. The awards made were subject to the PSP Rules being amended at the 2011 AGM and the performance criteria for the awards are set out in note 9 in the table of Directors' Interests in Share Plans on page 40.
In summary, the vesting schedule for the award was as follows:

One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2011 to 31 December 2013 (the 'Performance Period') equals 7.5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.

Earnings per share ('EPS') have been chosen as a performance measure as it is widely used and is considered a transparent yardstick. EPS is calculated on a pre-exceptional, diluted basis. After careful review it was agreed that EPS was the most appropriate performance measure for the long-term incentive plan. It has the benefit of being a published number and is widely understood by management and shareholders alike.

Share options

The Company also operates the Computacenter Employee Share Option Scheme 2007 (the 'Option Scheme'). As the PSP is the primary long-term incentive scheme, the Remuneration Committee intends that the scheme be used only in exceptional circumstances. No grants were made to employees or Directors, under this scheme, during 2011. The Executive Directors have historically been awarded share options under the Company's previous share option plans and details of these grants can be found in the table of Directors' Interests in Share Plans on page 40.

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

Should grants be made under the scheme in 2012, any applicable performance conditions will be subject to review by the Remuneration Committee, taking account of prevailing market conditions, Group plans and objectives. There is currently no intention to make grants under the Option Scheme.

Dilution limits

The Company uses a mixture of both new issue and market purchase shares to satisfy awards under the Option, PSP and Share Save Plans. In line with best practice, the use of new issue or treasury shares to satisfy awards made under all share schemes, is restricted to 10 per cent in any ten-year rolling period, with a further restriction for discretionary schemes of 5 per cent in the same period. As at the year-end, the potential dilution from awards under all share plans was approximately 5.26 per cent and the potential dilution from awards under the discretionary schemes was approximately 1.61 per cent.

Minimum shareholding

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

Group 1	CEO	2 x base salary
Group 2	Finance Director	1 x base salary
	Executives within the remit of the Remuneration Committee	
	Executives within the Group Executive Committee	
Group 3	Senior Country, Functional or Other Executives	0.5 x base salary

As at 31 December 2011, both the CEO and the Finance Director were compliant with this policy.

Remuneration Committee report continued

Directors' Interests in Share Plans

Ⓐ

	Scheme	Note	Exercise/ share price	Exercise period/ Vesting period	At 1 January 2011	Granted during the year	Exercised during the year	Lapsed	At 31 December 2011
Mike Norris	Options	3	322.0p	10/04/05–09/04/12	**122,670**	–	–	–	**122,670**
	Sharesave	2	320.0p	01/12/14–31/05/15	**4,859**	–	–	–	**4,859**
	PSP	5	N/A	17/03/11–17/09/11	**223,930**	–	223,930	–	**–**
	PSP	6	N/A	13/03/12–12/09/12	**208,102**	–	–	–	**208,102**
	PSP	7	N/A	20/03/12–19/09/12	**390,000**	–	–	–	**390,000**
	PSP	8	N/A	15/03/13–15/09/13	**150,316**	–	–	–	**150,316**
	PSP – Enhanced	9	N/A	17/03/14–16/03/21	**–**	224,586	–	–	**224,586**
Tony Conophy	Options	1, 4	322.0p	10/04/05–09/04/12	**9,316**	–	–	–	**9,316**
	Options	3	322.0p	10/04/05–09/04/12	**66,770**	–	–	–	**66,770**
	Sharesave	2	178.0p	01/12/12–31/05/13	**9,438**	–	–	–	**9,438**
	PSP	5	N/A	17/03/11–17/09/11	**136,364**	–	136,364	–	**–**
	PSP	6	N/A	13/03/12–12/09/12	**131,433**	–	–	–	**131,433**
	PSP	7	N/A	20/03/12–19/09/12	**240,000**	–	–	–	**240,000**
	PSP	8	N/A	15/03/13–15/09/13	**94,937**	–	–	–	**94,937**
	PSP – Enhanced	9	N/A	17/03/14–16/03/21	**–**	124,113	–	–	**124,113**

1 Issued under the terms of the Computacenter Employee Share Option Scheme 1998.
2 Issued under the terms of the Computacenter Sharesave Plus Scheme, which is available to employees and full-time Executive Directors of the Computacenter Group.
3 Issued under the terms of the Computacenter Performance Related Share Option Scheme 1998. The options become exercisable if the average annual compound growth in the Group's earnings per share (on a post-investment in the Biomni joint venture, diluted basis) compared to the base year of 2001, is at least equal to RPI plus 5 per cent in any of the three-, four- or five-year periods up to and including 2004, 2005 or 2006 respectively.
4 Exercisable on the condition that the average annual compound growth in the Group's earnings per share (on a post-investment in the Biomni joint venture, diluted basis) compared to the base year of 2001, is at least equal to RPI plus 5 per cent in any of the three-, four- or five-year periods up to and including 2004, 2005 or 2006 respectively.
5 Issued under the terms of the Computacenter Performance Share Plan 2005. One-quarter of the shares will vest if the average annual compound growth in the Group's earnings per share is at least equal to RPI plus 3 per cent over the three consecutive financial years starting on 1 January 2008 and ended on 31 December 2010, compared to the base year of 2007. Awards will vest in full if the Group's cumulative annual growth is at or above RPI plus 7.5 per cent. If the Group's earnings per share growth over the period is between 3 per cent and 7.5 per cent above RPI, awards will vest on a straight line basis.
6 Issued under the terms of the Computacenter Performance Share Plan 2005. One quarter of the shares will vest if the average annual compound growth in the Group's earnings per share is at least equal to RPI plus 3 per cent over the three consecutive financial years starting on 1 January 2009 and ended on 31 December 2011, compared to the base year of 2008. Awards will vest in full if the Group's cumulative annual growth is at or above RPI plus 7.5 per cent. If the Group's earnings per share growth over the period is between 3 per cent and 7.5 per cent above RPI, awards will vest on a straight line basis.
7 If in 2011, profit before tax reaches £90 million, 25 per cent of the awards will vest, if the profit before tax is £100 million or more, 100 per cent of the awards will vest, awards will vest on a straight line basis between those limits.
8 Issued under the terms of the Computacenter Performance Share Plan 2005. One quarter of the shares will vest if cumulative annual EPS growth equals RPI plus 3 per cent per annum over the three consecutive financial years, compared to the base year. Awarded shares will vest in full if cumulative annual EPS growth equals or exceeds RPI plus 7.5 per cent per annum. If cumulative annual growth in EPS is between 3 per cent and 7.5 per cent per annum above RPI, shares awarded will vest on a straight line basis.
9 Issued under the terms of the Computacenter Performance Share Plan 2005 as amended at the AGM held on 13 May 2011. One-quarter of the shares will vest if the compound annual EPS growth over the performance period from 1 January 2011 to 31 December 2013 (the 'Performance Period') equals 7.5 cent per annum. One-half of the shares will vest if the compound annual EPS growth over the Performance Period equals 10 cent per annum. If the compound annual EPS growth rate over the Performance Period is between 7.5 per cent and 10 per cent over the Performance Period, shares awarded will vest on a straight line basis up to one-half. Awarded shares will vest in full if the compound annual EPS growth equals or exceeds 20 per cent or more over the Performance Period.

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

Ⓐ

Director	Date of vesting	Scheme	Number of shares	Exercise price	Market value at vesting	Gain on vesting
Mike Norris	17/03/2011	PSP	223,930	N/A	418 pence	£936,027
Tony Conophy	17/03/2011	PSP	136,364	N/A	418 pence	£570,001

The closing market price of the ordinary shares at 30 December 2011 (being the last trading day of 2011) was 334.6 pence. The highest price during the year was 490.0 pence and the lowest was 324.7 pence.

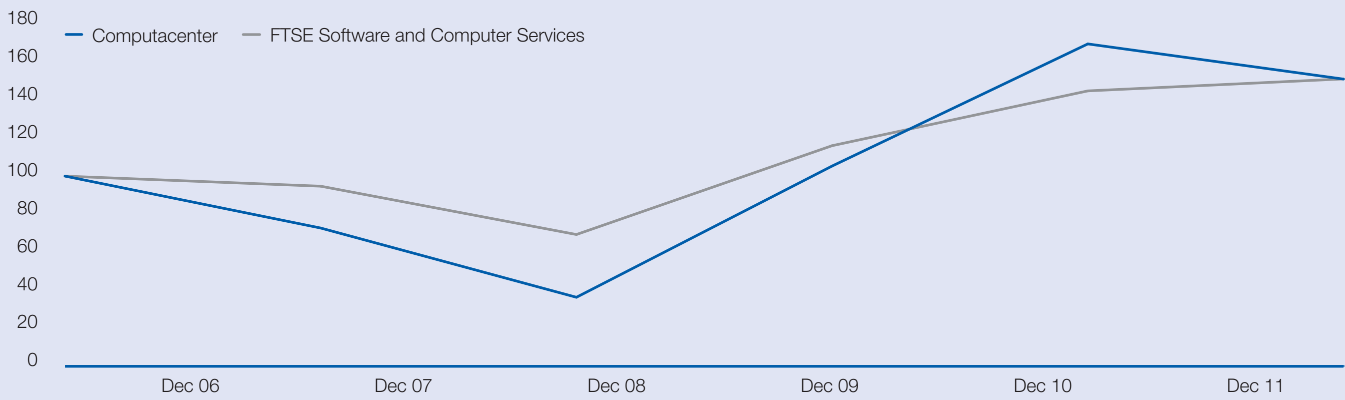
Performance graph

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

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

Total Shareholder Return performance

Computacenter versus FTSE Software and Computer Services sector



Directors' contracts

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

Director	Letter of appointment/ Start date of employment	Expiry date	Unexpired term (months)*	Notice period (months)
Executive				
Mike Norris	23/04/1998	n/a	none specified	12
Tony Conophy	23/04/1998	n/a	none specified	12
Non-Executive				
Greg Lock	01/07/2011	2014 AGM	26	3
Philip Hulme	15/05/2009	2012 AGM	2	3
Ian Lewis	15/05/2009	2012 AGM	2	3
Peter Ogden	15/05/2009	2012 AGM	2	3
John Ormerod	15/05/2009	2012 AGM	2	3
Brian McBride	10/01/2011	2013 AGM	14	3

* Calculated as at 12 March 2012, assuming that future Annual General Meetings will be held in May each year and where Directors stand for re-election at Annual General Meetings, either in accordance with the Company's Articles of Association or the UK Corporate Governance Code, they are re-elected.

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

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

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

The Non-Executive Directors have not entered into service contracts with the Company. They each operate under a letter of appointment which sets out their terms, duties and responsibilities. Non-Executive Directors are appointed for an initial term, which runs to the conclusion of the third Annual General Meeting following their appointment, which may be renewed at that point for a further three-year term. The letters of appointment provide that should a Non-Executive Director not be re-elected at an Annual General Meeting before he is due to retire, then his appointment will terminate. The Board agreed that all the Directors will be subject to re-election at the AGM on 18 May 2012.

Remuneration Committee report continued

Non-Executive Directors' remuneration

The components of the Non-Executive Directors' remuneration for 2010, 2011 and 2012 are shown below. The Executive Directors and Chairman of the Board, together review the base fee payable to the Non-Executive Directors and for their additional contributions to the committees, every two years. The Senior Independent Director reviews the fee of the Chairman of the Board, at the same intervals. These fees were revised, following benchmark guidance from Mercer and altered with effect from 1 January 2012.

(A)

Non-Executive Director	2012 Base fee	2012 Additional fee	2012 Total remuneration	2011 and 2010 Base fee	2011 and 2010 Additional fee	2011 and 2010 Total remuneration	Additional fee as
Greg Lock	£42,000	£118,000	£160,000	£39,000	£111,000	£150,000	Chairman of the Board
Philip Hulme	£42,000	–	£42,000	£39,000	–	£39,000	–
Ian Lewis	£42,000	£5,500	£47,500	£39,000	£5,500	£44,500	Member of the Sub-Committee for the ERP Systems Project
Brian McBride	£42,000	£6,000 + £8,000	£56,000	£39,000 (2011 only)	£5,000 + £7,000 (2011 only)	£51,000 (2011 only) + £6,500*	Senior Independent Director and Chairman of the Remuneration Committee
Peter Ogden	£42,000	–	£42,000	£39,000	–	£39,000	–
John Ormerod	£42,000	£14,000	£56,000	£39,000	£14,000	£53,000	Chairman of the Audit Committee

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

The Non-Executive Directors are not invited or permitted to participate in any of the Company's Employee Share Plans.

Brian McBride
Chairman of the Remuneration Committee

12 March 2012

Directors' report

The Directors present their report and the audited financial statements of Computacenter plc and its subsidiary companies ('the Group') for the year ended 31 December 2011.

Principal activities

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

Business review

The Companies Act 2006 requires the Group to prepare a business review, which commences at the start of the Report and Accounts up to page 25, excluding the market overview on pages 14 and 15, as this overview has been externally compiled. The review includes information about the Group's operations and the business model, financial performance throughout the year and likely developments, key performance indicators, principal risks and information regarding the Group's sustainable development plan.

Corporate governance

Under Disclosure and Transparency Rule 7.2, the Company is required to include a Corporate Governance Statement within the Directors' Report. Information on the corporate governance practices can be found in the Corporate Governance Statement on pages 28 to 31 and the reports of the Audit, Remuneration and Nomination Committees on pages 32 to 42, which are incorporated into the Directors' Report by reference.

Management Report

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

Results and dividends

The Group's activities resulted in a profit before tax of £72.1 million (2010: £65.4 million). The Group profit for the year, attributable to shareholders, amounted to £61.0 million (2010: £50.3 million).

The Directors recommend a final dividend of 10.5 pence per share totalling £16.2 million (2010: £14.9 million). Dividends are recognised in the accounts in the year in which they are paid, or in the case of a final dividend, when approved by the shareholders. As such, the amount recognised in the 2011 accounts, as described in note 11, is made up of last year's final dividend (9.7 pence per share) and the interim dividend (4.5 pence per share).

The final ordinary dividend for 2011, if approved at the forthcoming AGM, will be paid on 15 June 2012 to those shareholders on the register as at 18 May 2012. The Company paid an interim dividend of £6.9 million on 14 October 2011.

Articles of Association

The Company's Articles of Association sets out the procedures for governing the Company. A copy of the Articles of Association is available on the Company's website (www.computacenter.com/investors). The Articles of Association were last amended at the 2010 AGM. A special resolution (i.e. 75% majority of the shareholders who vote) is required to be passed in general meeting to amend the Articles of Association.

Directors and Directors' authority

The Directors who served throughout the year ended 31 December 2011 were Tony Conophy, Philip Hulme, Ian Lewis, Greg Lock, Mike Norris, John Ormerod and Peter Ogden. Brian McBride was appointed to the Board as Non-Executive Director, Chairman of the Remuneration Committee and Senior Independent Director on 10 January 2011. The Directors' biographical details at the date of this report are given on pages 26 and 27.

The Company's Articles of Association require at each AGM for those Directors who were appointed since the last AGM to retire as well as one third of the Directors who have been the longest serving. The Board has decided, in accordance with the UK Corporate Governance Code, that all Directors will retire at the forthcoming AGM and offer themselves for re-election. The Nomination Committee has considered the re-election of each Director and recommends their re-election. Further details on the Committee's recommendations for the re-election of the Directors are set out in the Notice of Annual General Meeting, as are the brief Curriculum Vitae of each Director, which show their experience and skills that they bring to the Board.

The Company's Articles of Association provide for a Board of Directors consisting of not fewer than three, but not more than 20 Directors, who manage the business and affairs of the Company. The Directors may appoint additional or replacement directors, who shall serve until the next AGM of the Company at which point they will be required to stand for election by the members. A Director may be removed from office at a general meeting by the passing of an Ordinary Resolution (provided special notice has been given).

Members have previously approved a Resolution to give the Directors authority to allot shares and a renewal of this authority is proposed at the 2012 AGM. This authority allows the Directors to allot shares up to the maximum amount stated in the Notice of Annual General Meeting (approximately one-third of the issued share capital) and this authority would generally expire at the following AGM. In addition, the Company may not allot shares for cash (unless pursuant to an employee share scheme) without first making an offer to existing shareholders in proportion to their existing holdings. This is known as rights of pre-emption. A Resolution to allow a limited waiver of these rights was passed by the members at last year's AGM. It is proposed at the forthcoming AGM that a similar waiver should be granted, which will represent approximately five per cent of the issued share capital. Full details of the proposed waiver are given in the Notice of the AGM. The current waiver expires at the conclusion of the following AGM.

Directors' indemnities

During the year, the Company executed deeds of indemnity with each of the Directors. These deeds contain qualifying third party indemnity provisions and indemnify the Directors to the extent permitted by law and remain in force at the date of this report. The indemnities are uncapped and cover all costs, charges, losses and liabilities the Directors may incur to third parties, in the course of acting as Directors of the Company or its subsidiaries.

Directors' report continued

Directors' conflicts of interests

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

Directors' interests in shares

The interests of the Directors in the share capital of the Company at the beginning and end of the year are set out below:

	At 31 December 2011		At 1 January 2011 or as at date of appointment	
	Number of ordinary shares Beneficial	**Number of ordinary shares Non-Beneficial**	Number of ordinary shares Beneficial	Number of ordinary shares Non-Beneficial
Executive Directors				
Mike Norris	**1,385,658**	**–**	1,385,658	–
Tony Conophy	**2,175,905**	**–**	2,175,905	–
Non-Executive Directors				
Greg Lock	**410,983**	**–**	350,000	–
Philip Hulme	**18,051,770**	**8,073,921**	18,291,770	10,143,921
Ian Lewis	**45,000**	**–**	45,000	–
Brian McBride	**–**	**–**	–	–
Peter Ogden	**35,335,636**	**979,166**	35,335,636	979,166
John Ormerod	**25,000**	**–**	25,000	–

Between 31 December 2011 and 12 March 2012 there have been no changes to the interests detailed above.

Major interests in shares

In addition to the Directors' interests set out above, as at 29 February 2012, the Company had been notified, in accordance with the Financial Services Authority's Disclosure and Transparency Rules, of the following substantial interests in the Company's issued ordinary share capital:

	Number of ordinary shares held	% of issued share capital
Standard Life Investments Ltd	14,327,285	9.31
Investec Asset Management Ltd	8,910,137	5.79
LSV Asset Management	4,405,385	2.86

Capital structure

As at 12 March 2012, there were 153,887,822 fully paid ordinary shares in issue, all of which have full voting rights and there are no restrictions on the transfer of shares.

Pursuant to the Company's share schemes, there are two employee trusts which, as at the year-end, held a total of 4,781,906 ordinary shares of 6 pence each, representing 3.1 per cent of the issued share capital. During the year the Trusts purchased a total of 1,047,409 shares. The voting rights attached to these shares are not exercisable directly by the employees, but are exercisable by the Trustees. However, in line with good practice, the Trustees do not exercise these voting rights.

In the event of another company taking control of the Company, the employee share schemes operated by the Company have set change of control provisions. Participants may, in certain circumstances, be allowed to exchange their options for options of an equivalent value over shares in the acquiring company. Alternatively, the options may vest early, in which case, early vesting under the executive schemes will be pro-rated accordingly and under the Sharesave scheme, employees will only be able to exercise the option, to the extent of their accumulated saving.

The Company was granted authority at the 2011 AGM, to make market purchases of up to 15,388,782 ordinary shares of 6 pence each. This authority will expire at the 2012 AGM, where approval from shareholders will be sought to renew the authority. During the period no shares were purchased for cancellation.

Significant agreements and relationships
Details regarding the status of the various borrowing facilities used by the Group are provided in the Finance Director's Review on pages 16 to 19. These agreements include a change of control provision, which may result in the facility being withdrawn or amended upon a change of control of the Group. It is also not extraordinary within our business sector for our longer term Services contracts to contain change of control clauses. In addition to financing arrangements and our larger contracts with our customers, the Board considers that there are a number of major product suppliers who are material to the business, including HP, IBM, Cisco, Microsoft, Oracle and Lenovo.

Creditors' payment policy
The Company does not hold any trade creditor balances. However, it is the policy of the Group that each of the businesses should agree appropriate terms and conditions with suppliers (ranging from standard written terms to individually negotiated contracts) and that payment should be in accordance with those terms and conditions, provided that the supplier has also complied with them. Group creditor days amounted to 50 (2010: 50).

Financial instruments
The Group's financial risk management objectives and policies are discussed in the Finance Director's Review on pages 16 to 19.

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

At the year-end, the options remaining outstanding under these schemes were in respect of a total of 1,964,756 ordinary shares of 6 pence each (2010: 2,162,756 shares). During the year options over 189,000 shares were exercised and options over 9,000 shares lapsed.

The Company also operates a Performance Share Plan ('PSP') to incentivise employees. During the year, 1,086,024 ordinary shares of 6 pence each were conditionally awarded (2010: 1,195,677 shares). At the year-end, awards over 4,599,072 shares remained outstanding under this scheme (2010: 5,249,112 shares). During the year, awards over 1,273,722 shares were transferred to participants and awards over 462,342 shares lapsed.

In addition, the Company operates a Sharesave scheme for the benefit of employees. At the year-end 2,905,644 options granted under the Sharesave scheme remained outstanding (2010: 2,758,808).

Corporate sustainable development
The Board recognises that acting in a socially responsible way benefits the community, our customers, shareholders, the environment and employees alike. Further information can be found in the Corporate Sustainable Development report on pages 22 to 25 and covers matters regarding Health and Safety, the environment, equal opportunities, employee involvement, employment of disabled people, employee development and charitable donations. During the year, the Group did not make any political donations to any political party or organisation and it did not incur any political expenditure within the meaning of Sections 362 to 379 of the Companies Act 2006.

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

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

Directors' report continued

Employee involvement and development

The Group is committed to involving all employees in significant business issues, especially matters which affect their work and working environment. A variety of methods are used to engage with employees, including team briefings, intranet, electronic mail and in-house publications. The Group will use one or more of these channels to brief the employees on the Group's performance and the financial and economic factors affecting the Group's performance. In particular, the Group operates a Save As You Earn share scheme, which is open to eligible employees, where employees are encouraged to save a fixed monthly sum for a period of either three or five years, upon maturity of the saving period they can purchase shares in the Company at a price set at the commencement of the saving period.

The primary method used to engage and consult with employees is through team briefings, where managers are tasked with ensuring that information sharing, discussion and feedback happen on a regular basis.

Employee consultative forums exist in each country to consult staff on major issues affecting employment and matters of policy and to enable management to seek the views and opinions of employees on a wide range of business matters. Should there be transnational issues to discuss a facility exists to engage a European forum made up of representatives from country forums.

The Group regularly reviews the performance of its employees through a formal review process, in order to identify areas for development. Managers are responsible for setting and reviewing personal objectives, aligned to corporate and functional goals. The Board closely oversees and monitors management skills and the development of talent to meet the current and future needs of the Group. The Board directly monitors and reviews closely, succession and plans for developing the identified key senior managers. In 2011, Computacenter was assessed by Investors in People and commended for demonstrating commitment to its people, at a level over and above the Investors in People standards, resulting in successful recertification.

Key performance indicators ('KPIs')

Performance and operational KPIs can be found within the strategy spread on pages 2 and 3 at the front of the Report and Accounts. The Board considers employee-driven attrition rates as a KPI in relation to employee issues. For the year ended 31 December 2011, this figure was 9.56 per cent (2010: 7.78 per cent). Further KPIs on employee and environmental matters can be found within the Corporate Sustainable Development report on pages 22 to 25.

Business ethics

An ethics policy is operated by the Group, which commits Computacenter employees to the highest standards of ethical behaviour in respect of customers, suppliers, colleagues and other stakeholders in the business. The policy includes a requirement for all employees to report abuses or non-conformance with the policy ('whistleblowing') and sets out the procedures to be followed. The Group has additionally adopted a Code of Ethics specifically aimed at the prevention of bribery.

Going concern

Computacenter's business activities, the business model and strategic goals are set out in the overview section and the performance is set out within the Operating Review on pages 2 to 13. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set-out within the Finance Director's Review on pages 16 to 19. In addition, notes 25 and 26 to the financial statements include Computacenter's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit and liquidity risk.

Computacenter's balance sheet strength, long-term contracts with customers and suppliers, as well as the different geographies within which the Company operates, provide the Directors with the confidence that Computacenter is well placed to manage its business risks even during a prolonged period of economic uncertainty.

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

Auditor

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

Directors' responsibilities

Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable company law and those International Financial Reporting Standards as adopted by the European Union. 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 and prudent;
- 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 a going concern basis, unless it is inappropriate to presume that the Group or Company will continue in its business.

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

Disclosure of information to auditor

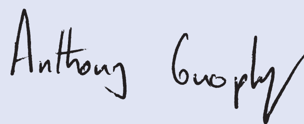
Each of the persons who is a Director at the date of approval of this report confirms that:

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

Directors' responsibility statement

- The financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the 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; and
- Pursuant to the Disclosure and Transparency Rules the Company's annual report and accounts include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board



Mike Norris
Chief Executive

Tony Conophy
Finance Director

12 March 2012

Independent auditor's report to the members of Computacenter plc

We have audited the group financial statements of Computacenter plc for the year ended 31 December 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 47, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

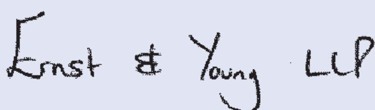
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 46, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Other matter

We have reported separately on the Parent Company financial statements of Computacenter plc for the year ended 31 December 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.



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

12 March 2012

Consolidated income statement

For the year ended 31 December 2011

	Notes	2011 £'000	Restated 2010 £'000
Revenue	3	**2,852,303**	2,676,495
Cost of sales		**(2,470,932)**	(2,329,660)
Gross profit		**381,371**	346,835
Administrative expenses		**(307,377)**	(280,288)
Operating profit:	4		
Before amortisation of acquired intangibles and exceptional items		**73,994**	66,547
Amortisation of acquired intangibles		**(1,986)**	(655)
Exceptional items	5	**(131)**	–
Operating profit		**71,877**	65,892
Finance income	7	**2,361**	2,329
Finance costs	8	**(2,136)**	(2,823)
Profit before tax:			
Before amortisation of acquired intangibles and exceptional items		**74,219**	66,053
Amortisation of acquired intangibles		**(1,986)**	(655)
Exceptional items		**(131)**	–
Profit before tax		**72,102**	65,398
Income tax expense:			
Before amortisation of acquired intangibles and exceptional items		**(16,125)**	(15,265)
Tax on amortisation of acquired intangibles		**433**	187
Tax on exceptional items	5	**174**	–
Exceptional tax items	5	**4,427**	–
Income tax expense	9	**(11,091)**	(15,078)
Profit for the year		**61,011**	50,320
Attributable to:			
Equity holders of the parent	10	**61,013**	50,321
Non-controlling interests		**(2)**	(1)
		61,011	50,320
Earnings per share	10		
– basic		**41.0p**	34.1p
– diluted		**39.3p**	32.6p

Consolidated statement of comprehensive income

For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Profit for the year		**61,011**	50,320
Loss arising on cash flow hedge	22	**(464)**	–
Income tax effect		**116**	–
Exchange differences on translation of foreign operations		**(4,495)**	(4,076)
Total comprehensive income for the year		**56,168**	46,244
Equity holders of the parent		**56,166**	46,250
Non-controlling interests		**2**	(6)
		56,168	46,244

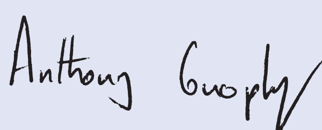
Consolidated balance sheet

As at 31 December 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Property, plant and equipment	12	**98,261**	88,882
Intangible assets	13	**104,242**	78,531
Investment in associates	15	**497**	47
Deferred income tax asset	9	**15,928**	15,577
		218,928	183,037
Current assets			
Inventories	17	**97,440**	81,569
Trade and other receivables	18	**548,968**	471,133
Prepayments		**43,042**	44,219
Accrued income		**47,019**	39,971
Forward currency contracts	22	**296**	562
Current asset investment		**10,000**	–
Cash and short-term deposits	19	**128,437**	159,269
		875,202	796,723
Total assets		**1,094,130**	979,760
Current liabilities			
Trade and other payables	20	**530,953**	440,790
Deferred income		**115,350**	100,840
Financial liabilities	21	**12,247**	37,936
Forward currency contracts	22	**464**	–
Income tax payable		**4,700**	5,941
Provisions	24	**2,689**	2,644
		666,403	588,151
Non-current liabilities			
Financial liabilities	21	**12,554**	10,320
Provisions	24	**9,059**	10,749
Other non-current liabilities		**831**	–
Deferred income tax liabilities	9	**1,536**	978
		23,980	22,047
Total liabilities		**690,383**	610,198
Net assets		**403,747**	369,562
Capital and reserves			
Issued capital	27	**9,233**	9,233
Share premium	27	**3,717**	3,697
Capital redemption reserve	27	**74,957**	74,957
Own shares held	27	**(10,962)**	(10,146)
Foreign currency translation reserve	27	**7,638**	12,137
Retained earnings		**319,152**	279,674
Shareholders' equity		**403,735**	369,552
Non-controlling interests		**12**	10
Total equity		**403,747**	369,562

Approved by the Board on 12 March 2012

MJ Norris
Chief Executive



FA Conophy
Finance Director

Consolidated statement of changes in equity

For the year ended 31 December 2011

	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 £'000
At 1 January 2011	**9,233**	**3,697**	**74,957**	**(10,146)**	**12,137**	**279,674**	**369,552**	**10**	**369,562**
Profit for the year	–	–	–	–	–	61,013	61,013	(2)	61,011
Other comprehensive income	–	–	–	–	(4,499)	(348)	(4,847)	4	(4,843)
Total comprehensive income	–	–	–	–	(4,499)	60,665	56,166	2	56,168
Cost of share-based payments	–	–	–	–	–	2,476	2,476	–	2,476
Tax on share-based payment transactions	–	–	–	–	–	296	296	–	296
Exercise of options	–	20	–	2,790	–	(2,790)	20	–	20
Purchase of own shares	–	–	–	(3,606)	–	–	(3,606)	–	(3,606)
Equity dividends	–	–	–	–	–	(21,169)	(21,169)	–	(21,169)
At 31 December 2011	**9,233**	**3,717**	**74,957**	**(10,962)**	**7,638**	**319,152**	**403,735**	**12**	**403,747**
At 1 January 2010	**9,186**	**2,929**	**74,950**	**(9,657)**	**16,208**	**244,940**	**338,556**	**16**	**338,572**
Profit for the year	–	–	–	–	–	50,321	50,321	(1)	50,320
Other comprehensive income	–	–	–	–	(4,071)	–	(4,071)	(5)	(4,076)
Total comprehensive income	–	–	–	–	(4,071)	50,321	46,250	(6)	46,244
Cost of share-based payments	–	–	–	–	–	2,620	2,620	–	2,620
Deferred tax on share-based payment transactions	–	–	–	–	–	789	789	–	789
Exercise of options	46	264	–	1,563	–	(1,563)	310	–	310
Issue of share capital	8	504	–	–	–	–	512	–	512
Purchase of own shares	–	–	–	(2,501)	–	–	(2,501)	–	(2,501)
Cancellation of own shares	(7)	–	7	449	–	(449)	–	–	–
Equity dividends	–	–	–	–	–	(16,984)	(16,984)	–	(16,984)
At 31 December 2010	**9,233**	**3,697**	**74,957**	**(10,146)**	**12,137**	**279,674**	**369,552**	**10**	**369,562**

Consolidated cash flow statement

For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Operating activities			
Profit before taxation		**72,102**	65,398
Net finance (income)/costs		**(225)**	494
Depreciation	12	**27,417**	31,722
Amortisation	13	**7,844**	6,550
Impairment reversal	12	**(398)**	–
Share-based payments		**2,476**	2,620
Loss on disposal of property, plant and equipment		**545**	815
Loss on disposal of intangibles		**33**	–
Increase in inventories		**(13,698)**	(16,400)
Increase in trade and other receivables		**(67,372)**	(3,660)
Increase in trade and other payables		**87,687**	46,435
Other adjustments		**(3)**	(49)
Cash generated from operations		**116,408**	133,925
Income taxes paid		**(14,384)**	(11,281)
Net cash flow from operating activities		**102,024**	122,644
Investing activities			
Interest received		**2,316**	2,284
Increase in current asset investment		**(10,000)**	–
Acquisition of subsidiaries, net of cash acquired	16	**(24,840)**	–
Acquisition of associate		**(500)**	–
Proceeds from sale of property, plant and equipment		**1,449**	372
Purchases of property, plant and equipment		**(24,181)**	(12,856)
Purchases of intangible assets		**(10,487)**	(12,774)
Net cash flow from investing activities		**(66,243)**	(22,974)
Financing activities			
Interest paid		**(2,513)**	(3,200)
Dividends paid to equity shareholders of the parent	11	**(21,169)**	(16,984)
Proceeds from share issues		**20**	822
Purchase of own shares		**(3,606)**	(2,501)
Repayment of capital element of finance leases		**(17,415)**	(20,641)
Repayment of loans		**(1,971)**	(12,622)
New borrowings		**–**	5,957
(Decrease)/increase in factor financing		**(16,500)**	1,568
Net cash flow from financing activities		**(63,154)**	(47,601)
(Decrease)/increase in cash and cash equivalents		**(27,373)**	52,069
Effect of exchange rates on cash and cash equivalents		**(1,776)**	(1,090)
Cash and cash equivalents at the beginning of the year	19	**155,933**	104,954
Cash and cash equivalents at the year-end	19	**126,784**	155,933

Notes to the consolidated financial statements

For the year ended 31 December 2011

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Directors on 12 March 2012. 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 2011 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 translating any 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 where noted below, adoption of these standards did not have any effect on the financial performance or position of the Group.

IAS 24 Related Party Transactions (Amendment)

The IASB has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Amendment)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements in Euroland, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

2 Summary of significant accounting policies continued

Improvements to IFRS

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

- *IAS 1 Presentation of Financial Statements*: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income may be either in the statement of changes in equity or in the notes to the financial statements.

Other amendments resulting from improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- *IFRS 3 Business Combinations*: The measurement options available for non-controlling interest ('NCI')
- *IFRS 3 Business Combinations* (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))
- *IFRS 3 Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards)
- *IFRS 7 Financial Instruments* — Disclosures
- *IAS 27 Consolidated and Separate Financial Statements*
- *IAS 34 Interim Financial Statements*

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

- *IFRIC 13 Customer Loyalty Programmes* (determining the fair value of award credits)
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date are listed below. The Group intends to adopt these standards when they become effective.

- *IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive income*
- *IFRS 9 Financial Instruments: Classification and Measurment*
- *IFRS 10 Consolidated Financial Statements*
- *IFRS 12 Disclosure of Involvement with Other Entities*
- *IFRS 13 Fair Value Measurement*

Critical judgements and estimates

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

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

- revenue recognition where, on a limited number of support and managed services contracts, an estimate of the total contract costs is required to determine the stage of completion;
- estimation of residual value of assets owned to support certain contracts;
- impairment of intangible assets and goodwill, which is based upon estimates of future cash flows and discount rates for the relevant cash-generating units;
- the estimate of the value of the deferred consideration payable on acquisitions where that consideration is based on future performance or conditions;
- recognition of deferred tax assets in respect of losses carried forward, which are dependent upon estimates of future profitability of certain Group companies; and
- other estimated tax positions, where the decisions of tax authorities are uncertain.

Further information is provided within this note summarising significant accounting policies, and notes 9 and 14 to the financial statements.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

2 Summary of significant accounting policies continued

Property, plant and equipment

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

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

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

Freehold land is not depreciated. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Leases

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Intangible assets

Software and software licences

Software and software licences include computer software that is not integral to a related item of hardware. These assets are stated at cost less accumulated amortisation and any impairment in value. Amortisation is calculated on straight line basis over the estimated useful life. Currently software is amortised over four years except for licence and development costs related to the ERP system which is amortised over seven years.

The carrying values of software and software licences are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Software under development

Costs that are incurred and that can be specifically attributed to the development phase of management information systems for internal use are capitalised and amortised over their useful life, once the asset becomes available for use.

Other intangible assets

Intangible assets acquired as part of a business are carried initially at fair value. Following initial recognition intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives with charges included in administrative expenses as follows:

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

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

2 Summary of significant accounting policies continued

Goodwill

Business combinations on or after 1 January 2004 are accounted for under IFRS 3 (Revised) using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised. Goodwill recognised on acquisitions prior to 1 January 2004, the date of transition to IFRS, is recorded at its amortised cost at transition to IFRS and is no longer amortised. Any goodwill asset arising on the acquisition of equity accounted entities is included within the cost of those entities.

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

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

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

Impairment of assets

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

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

Investment in associates

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

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

Financial assets

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

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

Inventories

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

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

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

2 Summary of significant accounting policies continued

Trade and other receivables

Trade receivables, which generally have 30–90-day terms, are recognised and carried at their original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Balances are written off when the probability of recovery is assessed as being remote.

Receivables subject to factoring arrangement

Some of the Group's trade receivables are subject to factoring arrangements. These transactions do not meet IAS 39's requirements for derecognition, since the risks and rewards have not been substantially transferred. All receivables sold through factoring transactions which do not meet the IAS 39 derecognition criteria continue to be recognised in full in the Group financial statements even though they are legally subject to the factoring arrangement; a corresponding liability is recorded in the consolidated balance sheet as 'Factor Financing'. Gains and losses relating to the sale of such assets are not recognised until the assets are derecognised.

Current asset investments

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

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Interest-bearing borrowings

All borrowings are initially recognised at fair value less directly attributable transaction costs. Borrowing costs are recognised as an expense when incurred.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

De-recognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

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

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cashflow hedge reserve, while any ineffective portion is recognised immediately in the income statement in other operating expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion is recognised in other operating income.

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

2 Summary of significant accounting policies continued

Derivative financial instruments and hedge accounting

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations. Forward contracts are initially recognised at fair value on the date that the contract is entered into and are subsequently remeasured at fair value at each reporting date. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Forward contracts are recorded as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

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

Foreign currency translation

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

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

The functional currencies of the overseas subsidiaries are Euro (€), US dollar (US$), South African rand (ZAR) and Swiss franc (CHF). As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rates for the year. Exchange differences arising on the retranslation are recognised in the consolidated statement of comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

Taxation

Current tax

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

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

2 Summary of significant accounting policies continued

Deferred tax

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

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

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

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

Sales tax

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

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

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

Revenue

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

Supply Chain

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

Professional Services

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

Support and Managed Services

Contracted service revenue is recognised on a percentage of completion basis. Usually revenue is recognised on a straight-line basis, when this is representative of the stage of completion of an individual contract. Unrecognised contracted revenue is included as deferred income in the balance sheet. Amounts invoiced relating to more than one period are deferred and recognised over their relevant life.

On a limited number of Support and Managed Service contracts recognising revenue on a straight-line basis is not representative of the stage of completion. On these contracts, the stage of completion is determined by reference to the costs incurred as a proportion of the total estimated costs of the contract and unbilled revenue is recognised within accrued income. If a contract cannot be reliably estimated revenue is recognised only to the extent that costs have been incurred. A provision is made as soon as a loss is foreseen.

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

2 Summary of significant accounting policies continued

Finance income
Income is recognised as interest accrues.

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

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

Pensions and other post-employment benefits
The Group operates a defined contribution scheme available to all UK employees. Contributions are recognised as an expense in the income statement as they become payable in accordance with the rules of the scheme. There are no significant pension schemes within the Group's overseas operations.

Exceptional items
The Group presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Share-based payment transactions
Employees (including Executive Directors) of the Group can receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value of the award at the date at which they are granted. The fair value is determined by utilising an appropriate valuation model, further details of which are given in note 28. In valuing equity-settled transactions, no account is taken of any performance conditions as none of the conditions set are market-related ones.

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

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

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

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

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

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

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

3 Segmental analysis

For management purposes, the Group is organised into geographical segments and the management thereof. The Group's business in each geography is managed separately and can constitute several separate statutory entities.

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

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

Restatement and classification of costs

In the prior year consolidated financial statements, distribution costs were shown below gross profit, however, management monitor the performance of the business by including such costs within gross profit, and reports accordingly to the Chief Operating Decision Maker. As a result, these costs have been included in cost of sales in 2011, and 2010 has been restated accordingly.

From 1 January 2011, the management of Computacenter Luxembourg has been transferred from Belgium to Germany. As a consequence, CC Luxembourg is reported as part of the German segment. The comparative segmental information has been restated to reflect this change. An adjusted operating loss of £820,343 has been reclassified from the Belgium segment to the Germany segment in the 2010 comparative information.

Following our ERP implementation in the UK and Germany, the Group has been able to further align its structure and therefore how it classifies departmental costs between cost of sales and administrative expenses. The Group estimates that the net impact of these changes, principally related to pre-sales costs in Germany, has resulted in approximately £7 million costs being reported in administrative expenses in 2011 that were previously reported in cost of sales in 2010. This represents the Group's best estimate of the impact of the changes made in the 2011 reported results. 2010 has not been restated to reflect this change.

Segmental performance for the years ended 31 December 2011 and 2010 was as follows:

	UK £'000	Germany £'000	France £'000	Belgium £'000	**Total £'000**
For the year ended 31 December 2011					
Revenue	1,102,184	1,228,574	478,583	42,962	**2,852,303**
Results					
Adjusted gross profit	167,305	157,355	50,636	4,610	**379,906**
Adjusted net operating expenses	(130,040)	(129,633)	(44,651)	(3,053)	**(307,377)**
Adjusted segment operating profit	37,265	27,722	5,985	1,557	**72,529**
Adjusted net interest					**1,690**
Adjusted profit before tax					**74,219**
Other segment information					
Capital expenditure:					
Property, plant and equipment	18,403	19,034	1,136	136	**38,709**
Goodwill and acquired intangible assets	–	10,074	14,629	–	**24,703**
Software	8,951	1,428	108	–	**10,487**
Depreciation	15,783	11,153	410	71	**27,417**
Amortisation of software	2,886	2,879	93	–	**5,858**
Amortisation of acquired intangible assets	481	765	740	–	**1,986**
Impairment reversal	–	–	(398)	–	**(398)**
Share-based payments	1,842	471	163	–	**2,476**

3 Segmental analysis continued

	Restated UK £'000	Restated Germany £'000	Restated France £'000	Restated Belgium £'000	**Restated Total £'000**
For the year ended 31 December 2010					
Revenue	1,265,431	1,008,889	359,611	42,564	**2,676,495**
Results					
Adjusted gross profit	177,545	128,949	35,238	3,256	**344,988**
Adjusted net operating expenses	(134,208)	(109,272)	(34,248)	(2,833)	**(280,561)**
Adjusted segment operating profit	43,337	19,677	990	423	**64,427**
Adjusted net interest					**1,626**
Adjusted profit before tax					**66,053**
Other segment information					
Capital expenditure:					
Property, plant and equipment	10,552	5,967	491	108	**17,118**
Software	11,935	701	138	–	**12,774**
Depreciation	21,142	9,971	491	118	**31,722**
Amortisation of software	3,591	2,072	138	–	**5,801**
Amortisation of acquired intangible assets	482	267	–	–	**749**
Share-based payments	1,918	489	213	–	**2,620**

Reconciliation of adjusted results

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

	2011 £'000	2010 £'000
Adjusted profit before tax	**74,219**	66,053
Amortisation of acquired intangibles	**(1,986)**	(655)
Exceptional items	**(131)**	–
Profit before tax	**72,102**	65,398

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

	UK £'000	Germany £'000	France £'000	Belgium £'000	**Total £'000**
For the year ended 31 December 2011					
Adjusted segment operating profit	37,265	27,722	5,985	1,557	**72,529**
Add back interest on CSF	585	880	–	–	**1,465**
Amortisation of acquired intangibles	(481)	(764)	(741)	–	**(1,986)**
Exceptional items	(656)	(82)	607	–	**(131)**
Segment operating profit	36,713	27,756	5,851	1,557	**71,877**
For the year ended 31 December 2010					
Adjusted segment operating profit	43,337	19,677	990	423	**64,427**
Add back interest on CSF	1,442	678	–	–	**2,120**
Amortisation of acquired intangibles	(519)	(136)	–	–	**(655)**
Segment operating profit	44,260	20,219	990	423	**65,892**

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

3 Segmental analysis continued

Sources of revenue

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

	2011 £'000	2010 £'000
Sources of revenue		
Total Supply Chain revenue	**2,015,582**	1,888,362
Services revenue		
Professional Services	**216,906**	192,448
Support and Managed Services	**619,815**	595,685
Total services revenue	**836,721**	788,133
Total revenue	**2,852,303**	2,676,495

Information about major customers

Included in revenues arising from the UK segment are revenues of approximately £254 million (2010: £311 million) which arose from sales to the Group's largest customer. For the purposes of this disclosure a single customer is considered to be a group of entities known to be under common control. This customer consists of entities under control of the UK Government, and includes the Group's revenues with central government, local government and certain government controlled banking institutions.

4 Group operating profit

This is stated after charging/(crediting):

	2011 £'000	2010 £'000
Auditors' remuneration:		
Audit of the financial statements	**509**	400
Other fees to auditors – local statutory audits for subsidiaries	**32**	31
– other services in pursuant of legislation	**12**	12
– taxation services	**114**	68
– other services	**69**	46
	736	557
Depreciation of property, plant and equipment	**27,417**	31,722
Loss on disposal of property, plant and equipment	**545**	815
Loss on disposal of intangible assets	**33**	–
Impairment reversal	**(398)**	–
Amortisation of software	**5,858**	5,801
Amortisation of other intangible assets	**1,986**	749
Net foreign currency differences	**539**	(35)
Costs of inventories recognised as an expense	**1,806,390**	1,709,585
Operating lease payments – minimum lease payments	**42,739**	37,343

5 Exceptional items

	2011 £'000	2010 £'000
Operating profit		
Acquisition-related costs	**(999)**	–
Deferred consideration reversed	**868**	–
	(131)	–
Income tax		
Exceptional tax items	**4,427**	–
Tax on exceptional items included in operating profit	**174**	–
	4,601	–
Exceptional items after taxation	**4,470**	–

Included within the current year are:

- acquisition-related costs of £1.0 million (2010: £nil), incurred in the period for both successful and aborted acquisitions. This cost comprised of consultancy, legal and professional and tax fees regarding the acquisitions; and
- due to circumstances arising after the acquisition date, the performance criteria required to trigger deferred consideration of €1.0 million that were previously expected to be achieved, were not met. As a result, the deferred consideration liability recognised has been reversed, with the gain in the income statement disclosed as an exceptional item.

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

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

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

6 Staff costs and Directors' emoluments

	2011 £'000	2010 £'000
Wages and salaries	**458,743**	440,352
Social security costs	**74,956**	67,136
Share-based payments	**2,476**	2,620
Pension costs	**14,956**	15,938
	551,131	526,046

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

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

	2011 No.	2010 No.
UK	**4,958**	4,947
Germany	**4,454**	4,169
France	**1,440**	1,203
Belgium	**161**	195
	11,013	10,514

7 Finance income

	2011 £'000	2010 £'000
Bank interest receivable	**2,218**	1,878
Income from investments	**143**	451
	2,361	2,329

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

8 Finance costs

	2011 £'000	2010 £'000
Bank loans and overdrafts	**526**	352
Finance charges payable on customer specific financing	**1,465**	2,120
Finance costs on factoring	**80**	206
Other interest	**65**	145
	2,136	2,823

9 Income tax

a) Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Tax charged in the income statement		
Current income tax		
UK corporation tax	**10,484**	12,917
Foreign tax	**5,122**	3,306
Adjustments in respect of prior periods	**(1,425)**	(1,682)
Total current income tax	**14,181**	14,541
Deferred tax		
Origination and reversal of temporary differences	**294**	(2,312)
Exceptional changes in recoverable amounts of deferred tax assets	**(4,427)**	–
Adjustments in respect of prior periods	**1,043**	2,849
Total deferred tax	**(3,090)**	537
Tax charged in the income statement	**11,091**	15,078

b) Reconciliation of the total tax charge

	2011 £'000	2010 £'000
Accounting profit before income tax	**72,102**	65,398
At the UK standard rate of corporation tax of 26.5 per cent (2010: 28.0 per cent)	**19,107**	18,311
Expenses not deductible for tax purposes	**869**	537
Non-deductible element of share-based payment charge	**168**	490
Relief on share option gains	**(20)**	(607)
Adjustments in respect of current income tax of previous periods	**(382)**	1,167
Higher tax on overseas earnings	**284**	110
Other differences	**697**	1,010
Effect of changes in tax rate	**270**	197
Utilisation of previously unrecognised deferred tax assets	**(6,834)**	(7,046)
Exceptional changes in recoverable amounts of deferred tax assets	**(4,427)**	–
Overseas tax not based on earnings	**1,359**	909
At effective income tax rate of 15.4 per cent (2010: 23.1 per cent)	**11,091**	15,078

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders.

9 Income tax continued

c) Tax losses

Deferred tax assets of £15.4 million (2010: £11.3 million) have been recognised in respect of losses carried forward.

In addition, at 31 December 2011, there were unused tax losses across the Group of £125.6 million (2010: £171.2 million) for which no deferred tax asset has been recognised. Of these losses, £68.5 million (2010: £99.4 million) arise in Germany, albeit a significant proportion have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

d) Deferred tax

Deferred income tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Deferred income tax liabilities				
Accelerated capital allowances	**653**	922	**(269)**	(752)
Revaluations of foreign exchange contracts to fair value	**74**	56	**18**	56
Effect of changes in tax rate on opening liability	**–**	–	**(234)**	(45)
Arising on acquisition	**2,581**	–	**(244)**	–
Gross deferred income tax liabilities	**3,308**	978		
Deferred income tax assets				
Relief on share option gains	**1,465**	2,266	**207**	(568)
Other temporary differences	**699**	2,049	**1,504**	1,478
Effect of changes in tax rate on opening asset	**–**	–	**153**	234
Revaluations of foreign exchange contracts to fair value	**116**	–	**–**	(27)
Losses available for offset against future taxable income	**15,420**	11,262	**(4,225)**	161
Gross deferred income tax assets	**17,700**	15,577		
Deferred income tax charge			**(3,090)**	537
Net deferred income tax asset	**14,392**	14,599		

	2011 £'000	2010 £'000
Disclosed on the balance sheet		
Deferred income tax asset	**15,928**	15,577
Deferred income tax liability	**(1,536)**	(978)
Net deferred income tax asset	**14,392**	14,599

At 31 December 2011, there was no recognised or unrecognised deferred income tax liability (2010: £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 was reduced to 26 per cent from 1 April 2011. The Finance Act 2011 further reduced the main rate of UK Corporation tax to 25 per cent from 1 April 2012. Deferred tax has been restated accordingly in these financial statements.

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

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

10 Earnings per Ordinary Share

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

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

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

	2011 £'000	2010 £'000
Profit attributable to equity holders of the parent	61,013	50,321
Amortisation of acquired intangibles	1,986	655
Tax on amortisation of acquired intangibles	(433)	(187)
Exceptional items within operating profit	131	–
Tax on exceptional items included in operating profit	(174)	–
Exceptional tax items	(4,427)	–
Profit before amortisation of acquired intangibles and exceptional items	58,096	50,789

	2011 000's	2010 000's
Basic weighted average number of shares (excluding own shares held)	148,793	147,752
Effect of dilution:		
Share options	6,639	6,370
Diluted weighted average number of shares	155,432	154,122

	2011 pence	2010 pence
Basic earnings per share	41.0	34.1
Diluted earnings per share	39.3	32.6
Adjusted basic earnings per share	39.0	34.4
Adjusted diluted earnings per share	37.4	33.0

11 Dividends paid and proposed

	2011 £'000	2010 £'000
Declared and paid during the year:		
Equity dividends on Ordinary Shares:		
Final dividend for 2010: 9.7 pence (2009: nil pence)	14,460	–
Interim dividend for 2011: 4.5 pence (2010: 3.5 pence)	6,709	5,173
Additional interim dividend for 2010: nil pence (2009: 8.0 pence)	–	11,811
	21,169	16,984

Proposed (not recognised as a liability as at 31 December)		
Equity dividends on Ordinary Shares:		
Final dividend for 2011: 10.5 pence (2010: 9.7 pence)	16,157	14,926

12 Property, plant and equipment

	Freehold land and buildings £'000	Short leasehold improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Total £'000
Cost				
At 1 January 2010	**67,431**	**18,966**	**161,066**	**247,463**
Additions	–	2,816	14,302	17,118
Disposals	–	(1,506)	(8,377)	(9,883)
Foreign currency adjustment	(40)	(642)	(1,555)	(2,237)
At 31 December 2010	**67,391**	**19,634**	**165,436**	**252,461**
Additions	10,670	3,969	24,070	38,709
Acquisition via subsidiary	–	–	320	320
Disposals	–	(1,861)	(34,339)	(36,200)
Foreign currency adjustment	(27)	(463)	(1,424)	(1,914)
At 31 December 2011	**78,034**	**21,279**	**154,063**	**253,376**
Accumulated depreciation and impairment				
At 1 January 2010	**26,117**	**9,492**	**106,564**	**142,173**
Provided during the year	2,535	2,685	26,502	31,722
Disposals	–	(1,345)	(7,351)	(8,696)
Foreign currency adjustment	(3)	(470)	(1,147)	(1,620)
At 31 December 2010	**28,649**	**10,362**	**124,568**	**163,579**
Provided during the year	2,315	2,478	22,624	27,417
Impairment reversal	–	–	(398)	(398)
Disposals	–	(1,725)	(32,481)	(34,206)
Foreign currency adjustment	2	(420)	(859)	(1,277)
At 31 December 2011	**30,966**	**10,695**	**113,454**	**155,115**
Net book value				
At 31 December 2011	**47,068**	**10,584**	**40,609**	**98,261**
At 31 December 2010	38,742	9,272	40,868	88,882
At 1 January 2010	41,314	9,474	54,502	105,290

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

Included in the figures above are the following amounts relating to leased assets which are used to satisfy specific customer contracts:

	Fixtures, fittings, equipment and vehicles	
	2011 £'000	2010 £'000
Cost		
At 1 January	**84,069**	85,651
Additions	**14,528**	4,262
Disposals	**(20,326)**	(5,844)
At 31 December	**78,271**	84,069
Accumulated depreciation and impairment		
At 1 January	**61,461**	47,579
Charge for year	**14,651**	18,766
Disposals	**(18,756)**	(4,884)
At 31 December	**57,356**	61,461
Net book value	**20,915**	22,608

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

13 Intangible assets

	Goodwill £'000	Software £'000	Other intangible assets £'000	Total £'000
Cost				
At 1 January 2010	**43,404**	**45,426**	**8,645**	**97,475**
Additions	–	12,774	–	12,774
Foreign currency adjustment	(437)	(312)	(80)	(829)
At 31 December 2010	**42,967**	**57,888**	**8,565**	**109,420**
Additions	14,344	10,487	10,359	35,190
Acquired via subsidiary	–	–	82	82
Disposals	–	(3,912)	–	(3,912)
Foreign currency adjustment	(1,084)	(245)	(753)	(2,082)
At 31 December 2011	**56,227**	**64,218**	**18,253**	**138,698**
Amortisation and impairment				
At 1 January 2010	**–**	**20,853**	**3,657**	**24,510**
Charged during the year	–	5,801	749	6,550
Foreign currency adjustment	–	(158)	(13)	(171)
At 31 December 2010	**–**	**26,496**	**4,393**	**30,889**
Charged during the year	–	5,858	1,986	7,844
Disposals	–	(3,878)	–	(3,878)
Foreign currency adjustment	–	(352)	(47)	(399)
At 31 December 2011	**–**	**28,124**	**6,332**	**34,456**
Net book value				
At 31 December 2011	**56,227**	**36,094**	**11,921**	**104,242**
At 31 December 2010	42,967	31,392	4,172	78,531
At 1 January 2010	43,404	24,573	4,988	72,965

14 Impairment testing of goodwill and other intangible assets

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

- Computacenter (UK) Limited
- RD Trading
- Computacenter Germany
- Computacenter France
- Damax AG

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

Movements in goodwill

	Computacenter (UK) Limited £'000	RD Trading £'000	Computacenter Germany £'000	Computacenter France £'000	Damax AG £'000	Total £'000
1 January 2010	**30,429**	**835**	**12,140**	**–**	**–**	**43,404**
Foreign currency adjustment	–	–	(437)	–	–	(437)
31 December 2010	**30,429**	**835**	**11,703**	**–**	**–**	**42,967**
Additions	–	–	3,738	9,610	996	14,344
Foreign currency adjustment	–	–	(495)	(514)	(75)	(1,084)
31 December 2011	**30,429**	**835**	**14,946**	**9,096**	**921**	**56,227**

Additions to goodwill in 2011 arose from the following acquisitions:

- HSD Consult GmbH ('HSD') in Germany;
- Top Info SAS ('Top Info') in France; and
- Damax AG ('Damax') in Switzerland

The acquired assets and liabilities of HSD were integrated within Computacenter Germany during the year. The goodwill arising on the acquisition is tested for impairment against the Computacenter Germany cash-generating unit.

The acquired assets and liabilities of Top Info were integrated within Computacenter France at 31 December 2011. The goodwill arising on the acquisition is tested for impairment against the Computacenter France cash-generating unit.

Whilst Damax is managed and therefore reported as part of the Germany segment, it retains its own identifiable cash flows. As a consequence, the goodwill arising on the acquisition of Damax is tested against its own future cash flows.

Key assumptions used in value-in-use calculations

The recoverable amounts of all five cash-generating units have been determined based on a value-in-use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a three-year period and on long-term market growth rates of between 1.5 and 2.5 per cent (2010: 2.5 per cent) thereafter.

Key assumptions used in the value-in-use calculation for all cash-generating units for 31 December 2011 and 31 December 2010 are:

- budgeted revenue, which is based on current market conditions, historical trends and long-run market growth forecasts;
- budgeted gross margins, which are based on average gross margins achieved in the year immediately before the budgeted year, adjusted for expected long-run market pricing trends; and
- the discount rate applied to cash flow projections ranges from 11.0 to 12.0 per cent (2010: 12.0 per cent) which represents the Group's weighted average cost of capital adjusted for the risk profiles of the individual CGUs.

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

No impairment provision on goodwill has been required at either 31 December 2011 or at 31 December 2010.

Other intangible assets

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

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

15 Investments

a) Investment in associates

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

	2011 £'000	2010 £'000
Cost		
At 1 January	**57**	57
Acquisitions	**500**	–
Share of associates losses	**(48)**	–
Exchange rate movement	**(2)**	–
At 31 December	**507**	57
Impairment		
At 1 January	**(10)**	–
Charge for year	**–**	(10)
At 31 December	**(10)**	(10)
Carrying value	**497**	47

Gonicus GmbH

The Group has a 20 per cent (2010: 20 per cent) interest in Gonicus GmbH, whose principal activity is the provision of Open Source Software. Gonicus is a private entity, incorporated in Germany, that is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment. The reporting date of Gonicus is 31 December.

ICS Solutions Limited ('ICS')

On 1 April 2011 the Group acquired a 25 per cent interest in ICS Solutions Limited for a cash consideration of £500,000. The acquisition will allow the Group to pursue wider opportunities in the deployment of its Microsoft Collaboration service and solution offerings. The reporting date of ICS is 30 June.

b) Investment in subsidiaries

The Group's principal subsidiary undertakings are as follows:

			Proportion of voting rights and shares held	
Name	Country of incorporation	Nature of business	2011	2010
Computacenter (UK) Limited	England	IT Infrastructure services	**100%**	100%
Computacenter France SA	France	IT Infrastructure services	**100%**	100%
Computacenter Holding GmbH	Germany	IT Infrastructure services	**100%**	100%
Computacenter GmbH	Germany	IT Infrastructure services	**100%**	100%
CC Managed Services GmbH	Germany	IT Infrastructure services	**100%**	100%
Computacenter NV/SA	Belgium	IT Infrastructure services	**100%**	100%
RD Trading Limited	England	IT Asset Management	**100%***	100%*
Computacenter PSF SA	Luxembourg	IT Infrastructure services	**100%**	100%
Computacenter USA	USA	IT Infrastructure services	**100%***	100%*
Computacenter Services (Iberia) SLU	Spain	International Call Centre Services	**100%***	100%*
Digica Group Holdings Limited	England	IT Infrastructure and application services	**100%***	100%*
Computacenter Services and Solutions (Pty) Ltd	South Africa	IT Infrastructure services	**100%***	100%*
becom Informationssysteme GmbH	Germany	IT Infrastructure services	**100%****	100%**
Top Info SAS	France	IT Infrastructure services	**100%*****	–
Damax AG	Switzerland	IT Infrastructure services	**80%**	–
HSD Consult GmbH	Germany	IT Infrastructure services	**100%****	–

* Includes indirect holdings of 100 per cent via Computacenter (UK) Limited.
** Includes indirect holdings of 100 per cent via Computacenter Holding GmbH.
*** Includes indirect holdings of 100 per cent via Computacenter France SA.

Computacenter plc is the ultimate parent entity of the Group.

16 Business combinations

Top Info SAS ('Top Info')

On 1 April 2011 the Group acquired 100 per cent of the voting shares of Top Info SAS for an initial consideration of €37.7 million and a maximum deferred consideration of €1.0 million dependant on performance in 2011, on a debt-free basis. The net book value of the assets acquired included €18.7 million of net cash and short-term deposits. The costs of acquisition amounted to €301,000 and are included in the income statement as an exceptional item. Top Info SAS is based in France and is an information technology reseller of hardware, software and services. The acquisition has been accounted for using the purchase method of accounting. The 2011 consolidated financial statements include the results of Top Info for the period from the acquisition date.

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

	2011 Book value £'000	2011 Provisional fair value to Group £'000
Intangible assets		
Comprising:		
Existing customer relationships	–	5,019
Total intangible assets	–	5,019
Property, plant and equipment	125	125
Inventories	1,203	3,125
Trade and other receivables	22,146	19,564
Prepayments	324	324
Cash and short-term deposits	16,511	16,511
Trade and other payables	(18,031)	(18,044)
Deferred income	(328)	(328)
Deferred tax liability	–	(1,706)
Net assets	21,950	24,590
Goodwill arising on acquisition		9,610
		34,200
Discharged by:		
Cash paid		33,317
Deferred consideration		883
		34,200
Cash and cash equivalents acquired		
Cash and short-term deposits		(16,511)
Cash outflow on acquisition		17,689

From the date of acquisition to 31 December 2011, Top Info contributed £90,659,300 to the Group's revenue and £1,975,294 to the Group's profit after tax.

The provisional fair values include adjustments to the book values to recognise differences in accounting policies between Top Info and the Group principally relating to revenue recognition, the principal effect of which is a reclassification from trade receivables to inventory.

Included in the £9,610,000 of goodwill that arose on acquisition are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce.

Deferred consideration

Due to circumstances arising after the acquisition date, the performance criteria required to trigger deferred consideration of €1 million that were previously expected to be achieved, were not met. As a result, the deferred consideration liability recognised has been reversed, with the gain in the income statement disclosed as an exceptional item.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

16 Business combinations continued

HSD Consult GmbH ('HSD')

On 11 April 2011 the Group acquired 100 per cent of the voting shares of HSD Consult GmbH for an initial consideration of €4.9 million and a deferred consideration of €0.5 million dependant on certain performance conditions in 2011. The costs of acquisition amounted to €94,000 and are included in the income statement as an exceptional item. HSD is based in Germany and is an Apple Integrator. The acquisition has been accounted for using the purchase method of accounting. The 2011 consolidated financial statements include the results of HSD for the period from the acquisition date.

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

	2011 Book value £'000	2011 Provisional fair value to Group £'000
Intangible assets		
Comprising:		
Existing customer relationships	36	402
Other intangibles	46	46
Total intangible assets	82	448
Property, plant and equipment	146	146
Inventories	940	940
Trade and other receivables	2,140	2,140
Cash and short-term deposits	190	190
Trade and other payables	(2,726)	(2,726)
Deferred tax liabilities	–	(110)
Net assets	772	1,028
Goodwill arising on acquisition		3,738
		4,766
Discharged by:		
Cash paid		4,325
Deferred consideration		441
		4,766
Cash and cash equivalents acquired		
Cash and short-term deposits		(190)
Cash outflow on acquisition		4,576

From the date of acquisition to 31 December 2011, HSD contributed £21,649,488 to the Group's revenue and £251,826 to the Group's profit after tax.

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

Included in the £3,738,000 of goodwill that arose on acquisition are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce.

Deferred consideration

The criteria required to trigger the further payment for the HSD business have been met. Accordingly, the full deferred consideration was recognised as at 31 December 2011 in the provisional fair value to the Group.

16 Business combinations continued

Damax AG ('Damax')

On 21 July 2011, the Group acquired 80 per cent of Damax AG in Switzerland for an initial consideration of CHF 7.2 million, and agreed to purchase the remaining 20 per cent by mid-2015 for a maximum consideration of CHF 3.2 million dependent upon the achievement of agreed performance criteria over the next three and a half years. Due to the nature of the transaction, that the Group has present access to the benefits associated with the remaining 20 per cent of Damax, the Group has recorded this acquisition as a linked transaction, and has accordingly consolidated 100 per cent of the results of Damax since the acquisition date and estimated the fair value of the deferred consideration payable. The costs of acquisition amounted to £221,000 and are included in the income statement as an exceptional item. Damax is based in Switzerland and is a Swiss IT service provider. The acquisition has been accounted for using the purchase method of accounting.

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

	2011 Book value £'000	2011 Provisional fair value to Group £'000
Intangible assets		
Comprising:		
Existing customer relationships	–	4,974
Total intangible assets	–	4,974
Property, plant and equipment	49	49
Inventories	26	26
Trade and other receivables	4,303	4,303
Cash at bank	1,491	1,491
Trade and other payables	(3,824)	(3,824)
Deferred tax liabilities	–	(1,045)
Net assets	2,045	5,974
Goodwill arising on acquisition		996
		6,970
Discharged by:		
Cash		5,390
Deferred consideration		1,580
		6,970
Cash and cash equivalents acquired		
Cash and short-term deposits		(1,491)
Cash outflow on acquisition		5,479

From the date of acquisition to 31 December 2011, Damax contributed £3,825,496 to the Group's revenue and £1,729,624 to the Group's profit after tax.

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

Included in the £996,000 of goodwill that arose on acquisition are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce.

Deferred consideration

Based on the performance of the business in 2011 and the forecasted performance for the next three years, management's assessment is that it is highly probable that the maximum deferred consideration will become payable and accordingly it has been included in the provisional fair value to the Group.

If the acquisition of Top Info, HSD and Damax had taken place at the beginning of 2011, Group revenues for the period ended 31 December 2011 would have been £2,895,960,399 and profit after tax would have been £62,976,417.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

17 Inventories

	2011 £'000	2010 £'000
Inventories	**97,440**	81,569

18 Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	**544,335**	467,808
Other receivables	**4,633**	3,325
	548,968	471,133

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

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

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

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

	2011 £'000	2010 £'000
At 1 January	**13,100**	10,977
Charge for the year	**6,429**	10,120
Utilised	**(2,763)**	(3,548)
Unused amounts reversed	**(3,391)**	(3,748)
Foreign currency adjustment	**(171)**	(701)
At 31 December	**13,204**	13,100

As at 31 December, the ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total £'000	Neither past due nor impaired £'000	<30 days £'000	30–60 days £'000	60–90 days £'000	90–120 days £'000	>120 days £'000
2011	**544,335**	**417,354**	**86,669**	**22,870**	**6,127**	**7,258**	**4,057**
2010	467,808	384,107	60,184	14,015	3,971	2,701	2,830

At 31 December 2011, Trade receivables include receivables sold and financed through factoring transactions of £nil (2010: £191.0 million) which do not meet IAS 39 criteria for derecognition. These receivables continue to be recognised in full in the Group financial statements even though they are legally subject to the factoring arrangement; a corresponding liability is recorded in the consolidated balance sheet as Factor Financing (see note 21).

19 Cash and short-term deposits

	2011 £'000	2010 £'000
Cash at bank and in hand	**88,466**	104,269
Short-term deposits	**39,971**	55,000
	128,437	159,269

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £128,437,000 (2010: £159,269,000).

Due to strong cash generation over the past few years, the Group is now in a position where it can finance its working capital requirements from its cash balance. The Group has not renewed its factoring facilities during 2011, however, the Group retains overdraft facilities where required. The uncommitted overdraft facility available to the Group is £15.9 million at 31 December 2011 (2010: £15.5 million).

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

	2011 £'000	2010 £'000
Cash at bank and in hand	**88,466**	104,269
Short-term deposits	**39,971**	55,000
Bank overdrafts (note 21)	**(1,653)**	(3,336)
	126,784	155,933

Cash pooling

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

20 Trade and other payables

	2011 £'000	2010 £'000
Trade payables	**308,983**	258,861
Other payables	**221,970**	181,929
	530,953	440,790

Terms and conditions of the above financial liabilities:

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

Trade payables are non-interest bearing and are normally settled on net monthly terms.

Other payables, which principally relate to other taxes, social security costs and accruals, are non-interest bearing and have an average term of three months.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

21 Financial liabilities

	2011 £'000	2010 £'000
Current		
Bank overdrafts	**1,653**	3,336
Other loans – 'CSF'	**1,515**	2,024
Factor financing	**–**	16,494
Current obligations under finance leases – 'CSF' (note 23a)	**9,079**	16,082
	12,247	37,936
Non-current		
Other loans – 'CSF'	**9**	1,508
Non-current obligations under finance leases – 'CSF' (note 23a)	**12,545**	8,812
	12,554	10,320

a) Bank overdrafts

The bank overdrafts are unsecured and are subject to annual review.

b) Finance leases

The finance leases are only secured on the assets that they finance. These assets are in the main used to satisfy specific customer contracts. There are a small number of assets that are utilised internally.

c) Other loans

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

Other loans comprise the following:

	Maturity date	Interest rate	£'000
31 December 2011			
	2012	0%–7.84%	**1,515**
	2013	3.95%–4.60%	**3**
	2014	3.09%–4.25%	**3**
	2015	2.47%–3.34%	**2**
	2016	2.33%–2.54%	**1**
			1,524
Less: current instalments due on other loans			**1,515**
			9

	Maturity date	Interest rate	£'000
31 December 2010			
	2011	0%–7.84%	**1,988**
	2012	0%	**1,504**
	2013	3.95%–4.60%	**34**
	2014	3.09%–4.25%	**4**
	2015	2.47%–3.34%	**2**
			3,532
Less: current instalments due on other loans			**2,024**
			1,508

21 Financial liabilities continued

The table below summarises the maturity profile of these loans:

	2011 £'000	2010 £'000
Not later than one year	**1,515**	2,024
After one year but not more than five years	**9**	1,508
	1,524	3,532

The finance lease and loan facilities are committed.

d) Factor financing

Factor financing arrangement in the UK and France were not renewed and the Group had no factor financing facilities at 31 December 2011.

e) Facilities

At 31 December 2011, the Group had available £15.9 million of uncommitted overdraft facilities (2010: £15.5 million of uncommitted overdraft and factoring facilities). The Group's committed facility expired in May 2011 and was not renewed.

22 Forward currency contracts

	2011 £'000	2010 £'000
Financial instruments at fair value through profit or loss		
Foreign exchange forward contracts	**296**	562
Financial instruments at fair value through other comprehensive income		
Cash flow hedges		
Foreign exchange forward contracts	**(464)**	–
	168	562

Cash flow hedges

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

Foreign exchange forward contracts measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast sales in the United Kingdom and forecast costs in South Africa. These forecast transactions are highly probable.

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

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

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

The cash flow hedges of the forecasted costs were assessed to be highly effective and a net unrealised loss of £464,000 with a deferred tax asset of £116,000 relating to the hedging instruments is included in the other comprehensive income. The amounts retained in the other comprehensive income is expected to mature and affect the income statement in 2012.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

23 Obligations under leases

a) Finance lease commitments

The Group has finance leases for various items of plant and machinery; these leases have no terms of renewal or purchase options and escalation clauses. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2011		2010	
	Minimum payments £'000	**Present value of payments £'000**	Minimum payments £'000	Present value of payments £'000
Within one year	**10,017**	**9,079**	16,843	16,082
After one year but not more than five years	**13,078**	**12,116**	9,343	8,812
More than five years	**436**	**429**	–	–
	23,531	**21,624**	26,186	24,894
Future finance charges	**(1,907)**		(1,292)	
Present value of finance lease obligation	**21,624**		24,894	

b) Operating lease commitments where the Group is lessee

The Group has entered into commercial leases on certain properties, motor vehicles, items of small machinery and IT equipment. There are no restrictions placed upon the Group by entering into these leases.

Future commitments payable under non-cancellable operating leases as at 31 December are as follows:

	2011 £'000	2010 £'000
Not later than one year	**44,551**	36,377
After one year but not more than five years	**74,513**	63,231
More than five years	**16,210**	16,294
	135,274	115,902

c) Operating lease receivables where the Group is lessor

During the year the Group entered into commercial leases with customers on certain items of IT equipment. These leases have remaining terms of between one and five years.

Future amounts receivable by the Group under the non-cancellable operating leases as at 31 December are as follows:

	2011 £'000	2010 £'000
Not later than one year	**13,336**	17,138
After one year but not more than five years	**5,893**	7,887
	19,229	25,025

The amounts receivable are directly related to the finance lease obligations detailed in note 21.

24 Provisions

	Property provisions £'000
At 1 January 2011	13,393
Arising during the year	573
Utilised	(1,131)
Movement in discount rate	(951)
Exchange adjustment	(136)
At 31 December 2011	**11,748**
Current 2011	2,689
Non-current 2011	9,059
	11,748
Current 2010	2,644
Non-current 2010	10,749
	13,393

Assumptions used to calculate the property provisions are based on the market value of the rental charges plus any contractual dilapidation expenses on empty properties and the Directors' best estimates of the likely time before the relevant leases can be reassigned or sublet, which ranges between one and seven years. The provisions in relation to the UK properties are discounted at a rate based upon the Bank of England base rate. Those in respect of the European operations are discounted at a rate based on Euribor.

25 Financial instruments

An explanation of the Group's financial instrument risk management objectives, policies and strategies are set out in the Finance Director's Review on pages 16 to 19.

Credit risk

The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are regularly monitored thereafter. The balance of trade receivables relates to customers for whom there is no recent history of default. In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date. The maximum exposure on trade receivables, as at the reporting date, is their carrying value. In France, credit risk is mitigated through a credit insurance policy which applies to non-Government customers and provides insurance for approximately 50 per cent of the relevant credit risk exposure.

With respect to credit risk arising from the other financial assets of the Group and forward currency contracts, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to their carrying amount.

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

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

25 Financial instruments continued

Interest rate risk

The Group finances its operations through a mixture of retained profits, cash and short-term deposits, bank borrowings and finance leases and loans for certain customer contracts. The Group's bank borrowings, other facilities and deposits are at floating rates. No interest rate derivative contracts have been entered into. When long-term borrowings are utilised, the Group's policy is to maintain these borrowings at fixed rates to limit the Group's exposure to interest rate fluctuations.

Fair values

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values.

The fair value of all other financial instruments carried within the Group's financial statements is not materially different from their carrying amount.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	Change in basis points £'000	Effect on profit before tax £'000
2011		
Sterling	+25	132
Euro	+25	104
2010		
Sterling	+25	236
Euro	+25	38

The impact of a reasonably possible decrease to the same range shown in the table would result in an opposite impact on the profit before tax of the same magnitude.

Forward currency contracts

At 31 December 2011 the Group held foreign exchange contracts as hedges of an inter-company loan and future expected payments to suppliers. The exchange contracts are being used to reduce the exposure to foreign exchange risk. The terms of these contracts are detailed below:

31 December 2011

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

31 December 2010

	Buy currency	Sell currency	Currency value of contracts	Maturity dates	Contract rates
UK	Euros	Sterling	€1,100,000	Feb 11	1.1628
	US Dollars	Sterling	$12,623,564	Jan–Mar 11	1.5572–1.6189
Germany	US Dollars	Euros	$75,468,000	Jan–Aug 11	1.228–1.417
	Euros	US Dollars	€5,724,727	Jan–Apr 11	1.279–1.319

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

25 Financial instruments continued

Exchange rate sensitivity

The majority of the transactions in each of the Group's geographical segments are denominated in the functional currency of that segment. There are, however, a limited number of transactions where foreign currency exchange risk exists. In these instances the Group enters into forward currency contracts, as shown in the above table, in order to mitigate such risk. At the end of the year the fair value of the outstanding contracts was a liability of £168,000 (2010: asset of £562,000).

Other than differences arising from the translation of results of operations outside of the Group's functional currency, reasonably foreseeable movements in the exchange rates of +10 per cent or -10 per cent would not have a material impact on the Group's profit before tax or equity.

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December based on contractual undiscounted payments:

	On demand £'000	<3 months £'000	3–12 months £'000	1–5 years £'000	>5 years £'000	**Total £'000**
Year ended 31 December 2011						
Financial liabilities	2,141	3,005	8,084	13,091	436	**26,757**
Property provisions	–	384	2,347	8,741	746	**12,218**
Trade and other payables	–	530,953	–	–	–	**530,953**
	2,141	534,342	10,431	21,832	1,182	**569,928**

	On demand £'000	<3 months £'000	3–12 months £'000	1–5 years £'000	>5 years £'000	**Total £'000**
Year ended 31 December 2010						
Financial liabilities	20,498	5,157	13,033	10,884	–	**49,572**
Property provisions	–	–	2,688	9,348	1,972	**14,008**
Trade and other payables	–	440,790	–	–	–	**440,790**
	20,498	445,947	15,721	20,232	1,972	**504,370**

Fair value measurements recognised in the consolidated balance sheet

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

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

At 31 December 2011 the Group had a current asset investment, which was measured at Level 2 fair value subsequent to initial recognition, to the value of £10.0 million (31 December 2010: £nil).

At 31 December 2011 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a liability of of £168,000 (31 December 2010: asset of £562,000).

The realised losses from forward currency contracts in the period to 31 December 2011 of £730,000 (2010: loss of £164,000), are offset by broadly equivalent realised gains on the related underlying transactions.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

26 Capital management

Computacenter's approach to capital management is to ensure that the Group has a strong capital base to support the development of the business and to maintain a strong credit rating, whilst aiming to maximise shareholder value.

Consistent with the Group's aim to maximise return to shareholders, the dividend policy is to maintain a dividend cover of between 2–2.5 times. In 2011 the cover was 2.5 times, on a pre-exceptional basis (2010: 2.5 times).

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

Capital is allocated across the Group in order to minimise the Group's exposure to exchange rates. Each country finances its own working capital requirements, typically resulting in borrowings in France with cash on deposit in the UK and Germany. During 2011, a notional cash pooling arrangement was introduced, which Group companies can access and allows the Group to pool its funds.

In certain circumstances, the Group enters into customer contracts that are financed by leases, which are secured only on the assets that they finance, or loans. Whilst the outstanding amounts of this 'customer specific financing' ('CSF') are included within net funds for statutory reporting purposes, the Group excludes this 'customer specific financing' when managing the net funds of the business as this outstanding financing is matched by committed future revenues. These financing facilities, which are committed, are thus outside of the normal working capital requirements of the Group's product resale and services activities.

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

The measures of net funds that the Group monitors are:

	2011 £'000	2010 £'000
Net funds excluding CSF	**136,784**	139,439
Customer specific financing	**(23,148)**	(28,426)
Net funds	**113,636**	111,013

The net funds (excluding CSF) reduced marginally from £139.4 million to £136.8 million by the end of the year. In the year, the outflow of cash included circa £40 million on specific strategic cash investments, such as the remaining expenditure on our ERP implementations in Germany and the UK, the purchase of a new freehold facility for our RDC recycling business for approximately £11 million, and net cash outflow on acquisitions of £25.3 million. The Group was able to finance both these projects and its working capital requirements from its existing cash base. However, the Group continued to benefit from the extension of a temporary improvement in credit terms with a significant vendor, equivalent to £45 million at 31 December 2011 (2010: £38 million).

Each operating country manages working capital in line with Group policies. The key components of working capital, i.e. trade receivables, inventory and trade payables, are managed in accordance with an agreed number of days targeted in the budget process, in order to ensure efficient capital usage.

An important element of the process of managing capital efficiently is to ensure that each operating country rewards behaviour at an Account Manager and Account Director level to minimise working capital, at a transactional level. This is achieved by increasing commission payments for early payment by customers and reduced commission payments for late payment by customers, which encourages appropriate behaviour.

The Group regularly reviews the adequacy of its facilities against any foreseeable peak borrowing requirement, and as a result of the strong cash position, has allowed certain bank and factoring facilities to expire during 2010 and 2011. At 31 December 2011, the Group had available £15.9 million of uncommitted overdraft facilities (2010: £15.5 million).

27 Issued capital and reserves

Authorised share capital

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

A ordinary shares

Issued and fully paid	No. '000	£'000
At 1 January 2010	**153,099**	9,186
Purchase of own ordinary shares for cancellation	**(115)**	(7)
Ordinary shares issued during the year for cash	**109**	8
Ordinary shares issued during the year for cash on exercise of share options	**787**	46
At 31 December 2010	**153,880**	9,233
Ordinary shares issued during the year for cash on exercise of share options	**8**	–
At 31 December 2011	**153,888**	9,233

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

The Company has a number of share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (note 28).

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued/redeemed at a premium.

Capital redemption reserve

The capital redemption reserve is used to maintain the Company's capital following the purchase and cancellation of its own shares. During the year the Company repurchased nil of its own shares for cancellation (2010: 115,371).

Own shares held

Own shares held comprise the following:

i) Computacenter Employee Share Ownership Plan

Shares in the parent undertaking comprise 4,676,785 (2010: 5,277,811) 6 pence ordinary shares of Computacenter plc purchased by the Computacenter Employee Share Ownership Plan ('the Plan'). The number of shares held represents 3.0 per cent (2010: 3.4 per cent) of the Company's issued share capital.

None of these shares were awarded to executives of the Company under the Computacenter (UK) Limited Cash Bonus and Share Plan. Options previously awarded are to be held on behalf of employees and former employees of Computacenter (UK) Limited and their dependants, excluding Jersey residents. The distribution of these shares is dependant upon the trustee holding them on the employees' behalf for a restrictive period of three years.

Since 31 December 2002 the definition of beneficiaries under the ESOP Trust has been expanded to include employees who have been awarded options to acquire ordinary shares of 6 pence each in Computacenter plc under the other employee share plans of the Computacenter Group, namely the Computacenter Services Group plc Approved Executive Share Option Plan, the Computacenter Employee Share Option Scheme 1998, the Computacenter Services Group plc Unapproved Executive Share Option Scheme, the Computacenter Performance Related Share Option Scheme 1998, the Computacenter Sharesave Plus Scheme and any future similar share ownership schemes.

All costs incurred by the Plan are settled directly by Computacenter (UK) Limited and charged in the accounts as incurred.

The Plan Trustees have waived the dividends receivable in respect of 4,676,785 (2010: 5,277,811) shares that it owns which are all unallocated shares.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

27 Issued capital and reserves continued

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

The total shares held are 105,121 (2010: 115,530), which represents 0.1 per cent (2010: 0.1 per cent) of the Company's issued share capital. All of these shares will continue to be held by the Quest until such time as the Sharesave options granted against them are exercised. The market value of these shares at 31 December 2011 was £351,735 (2010: £448,256). The Quest Trustees have waived dividends in respect of all of these shares. During the year the Quest subscribed for 193,213 (2010: 407,023) 6 pence Ordinary Shares.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

28 Share-based payments

Executive share option scheme

During the year, options were exercised with respect to 189,000 (2010: 267,000) 6 pence ordinary shares at a nominal value of £11,340 (2010: £16,020) at an aggregate premium of £523,530 (2010: £674,980).

Under the Computacenter Employee Share Option Scheme 1998 and the Computacenter Services Group Executive Share Scheme, options in respect of 9,000 (2010: 285,000) shares lapsed.

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

Date of grant	Exercisable between	Exercise price	**2011 Number outstanding**	2010 Number outstanding
10/04/2002	10/04/2005–09/04/2012	322.00p	**112,316**	168,816
10/04/2002	10/04/2005–09/04/2012	331.00p	**10,000**	35,000
21/03/2003	21/03/2006–20/03/2013	266.50p	**35,000**	42,500
02/04/2004	02/04/2007–01/04/2014	424.00p	**30,000**	39,000
24/10/2006	24/10/2009–23/10/2016	250.00p	**1,362,800**	1,462,800
17/04/2007	17/04/2010–16/04/2017	285.00p	**225,200**	225,200
			1,775,316	1,973,316

Please refer to the information given in the Directors' interest in share incentive schemes table in the Directors' Remuneration Report on page 40 for details of the vesting conditions attached to the Executive share options.

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

	2011 No.	**2011 WAEP**	2010 No.	2010 WAEP
Executive share option scheme				
Outstanding at the beginning of the year[1]	**1,973,316**	**£2.65**	2,525,316	£2.72
Forfeited during the year	**(9,000)**	**£4.24**	(285,000)	£3.34
Exercised during the year[2]	**(189,000)**	**£2.83**	(267,000)	£2.59
Outstanding at the end of the year[1]	**1,775,316**	**£2.95**	1,973,316	£2.65
Exercisable at the end of the year	**1,775,316**	**£2.95**	1,973,316	£2.65

The weighted average remaining contractual life for the share options outstanding as at 31 December 2011 is 4.27 years (2010: 5.27 years).

Notes

1 Included within this balance are options over 122,316 (2010: 203,816) shares that have not been accounted for under IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

2 The weighted average share price at the date of exercise for the options exercised is £4.56 (2010: £3.32).

28 Share-based payments continued

Computacenter Performance Related Share Option Scheme

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

During the year nil options were awarded (2010: nil) and no options lapsed (2010: nil).

At 31 December 2011 the number of shares under outstanding options was as follows:

Date of grant	Exercisable between	Exercise price	**2011 Number outstanding**	2010 Number outstanding
10/04/2002	10/04/2005–09/04/2012	322.00p	**189,440**	189,440

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

	2011 No.	**2011 WAEP**	2010 No.	2010 WAEP
Computacenter performance related share option scheme				
Outstanding at the beginning and end of the year[1]	**189,440**	**£3.22**	189,440	£3.22
Exercisable at the end of the year	**189,440**	**£3.22**	189,440	£3.22

Notes
1 Included within this balance are options over 189,440 (2010: 189,440) shares that have not been accounted for under IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

The weighted average remaining contractual life of the share options outstanding as at 31 December 2011 is 0.3 years (2010: 1.3 years).

Computacenter LTIP Performance Share Plan

Under the Computacenter LTIP Performance Share Plan, shares granted will be subject to certain performance conditions as described in the Directors' Remuneration Report.

During the year 1,086,024 (2010: 1,195,677) shares were awarded, 1,273,722 (2010: 850,791) were exercised and 462,342 (2010: 149,747) lapsed.

At 31 December 2011 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	**2011 Number outstanding**	2010 Number outstanding
17/03/2008	01/04/2011	180.00p	**–**	1,161,872
13/03/2009	13/03/2012	126.50p	**1,173,054**	1,282,117
13/03/2009	13/03/2011	126.50p	**–**	129,952
20/03/2009	20/03/2012	123.00p	**1,260,000**	1,500,000
15/03/2010	15/03/2013	315.80p	**1,093,374**	1,175,171
17/03/2011	17/03/2014	423.00p	**1,022,148**	–
17/03/2011	17/03/2016	423.00p	**50,496**	–
			4,599,072	5,249,112

The weighted average share price at the date of exercise for the options exercised is £4.18 (2010: £3.12).

The weighted average remaining contractual life of the options outstanding as at 31 December 2011 is 1.2 years (2010: 1.9 years).

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

28 Share-based payments continued

Computacenter Sharesave Scheme

The Company operates a Sharesave Scheme which is available to all employees and full time Executive Directors of the Company and its subsidiaries who have worked for a qualifying period. All options granted under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. During the year 583,927 (2010: 1,487,532) options were granted with a fair value of £732,838 (2010: £2,286,768).

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

Date of grant	Exercisable between	Share price	**2011 Number outstanding**	2010 Number outstanding
October-2005	01/12/2010–31/05/2011	222.00p	**–**	10,731
October-2006	01/12/2011–31/05/2012	254.00p	**18,156**	61,565
October-2007	01/12/2010–31/05/2011	178.00p	**–**	155,840
October-2007	01/12/2012–31/05/2013	178.00p	**494,127**	529,609
October-2009	01/12/2012–31/05/2013	320.00p	**322,375**	368,291
October-2009	01/12/2014–31/05/2015	320.00p	**133,026**	146,629
October-2010	01/12/2013–31/05/2014	286.00p	**532,892**	592,900
October-2010	01/12/2015–31/05/2016	258.00p	**822,044**	893,243
October-2011	01/12/2014–31/05/2015	369.00p	**256,405**	–
October-2011	01/12/2016–31/05/2017	332.00p	**326,619**	–
			2,905,644	2,758,808

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

	2011 No.	**2011 WAEP**	2010 No.	2010 WAEP
Sharesave scheme				
Outstanding at the beginning of the year	**2,758,808**	**£2.55**	2,595,964	£2.21
Granted during the year	**583,927**	**£3.48**	1,487,532	£2.69
Forfeited during the year	**(225,893)**	**£2.66**	(305,699)	£2.63
Exercised during the year[1]	**(211,198)**	**£2.00**	(1,018,989)	£1.85
Outstanding at the end of the year	**2,905,644**	**£2.77**	2,758,808	£2.55
Exercisable at the end of the year	**18,156**	**£2.54**	166,571	£1.81

Notes

1 The weighted average share price at the date of exercise for the options exercised is £4.15 (2010: £3.63).

The weighted average remaining contractual life of the options outstanding as at 31 December 2011 is 3.2 years (2010: 3.5 years).

28 Share-based payments continued

The fair value of the Executive Share Option Scheme, the Performance Related Share Option Scheme, the LTIP Performance Share Plan and Sharesave Scheme plans are estimated as at the date of grant using the Black-Scholes valuation model. The following tables give the assumptions made during the year ended 31 December 2011 and 31 December 2010:

2011

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Date of grant	17/03/2011	17/03/2011	17/03/2011	28/10/2011	28/10/2011
Number of instruments granted	984,511	50,496	51,017	256,405	327,522
Exercise price	£nil	£nil	£nil	£3.69	£3.32
Share price at date of grant	£4.23	£4.23	£4.23	£3.85	£3.85
Contractual life (years)	3	5	2	3	5
Vesting conditions	See notes 8 and 9 on page 40 in the Directors' Remuneration report	See note 9 on page 40 in the Directors' Remuneration report	See note 8 on page 40 in the Directors' Remuneration report	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	49.7%	49.0%
Expected option life at grant date (years)	3	5	2	3	5
Risk-free interest rate	n/a	n/a	n/a	1.43%	1.43%
Dividend yield	3.12%	3.12%	3.12%	3.69%	3.69%
Fair value per granted instrument determined at grant date	£3.85	£3.97	£3.63	£1.12	£1.36

2010

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Date of grant	15/03/10	15/03/10	29/10/10	29/10/10
Number of instruments granted	1,075,637	120,040	593,109	894,423
Exercise price	£nil	£nil	£2.86	£2.58
Share price at date of grant	£3.16	£3.16	£3.66	£3.66
Contractual life (years)	3	2	3	5
Vesting conditions	See note 8 on page 40 in the Directors' Remuneration report	See note 8 on page 40 in the Directors' Remuneration report	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	56.0%	49.10%
Expected option life at grant date (years)	3	2	3	5
Risk-free interest rate	n/a	n/a	1.88%	1.88%
Dividend yield	3.48%	3.48%	3.01%	3.01%
Fair value per granted instrument determined at grant date	£2.83	£2.83	£1.47	£1.58

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the recent historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of the options granted were incorporated into the measurement of fair value.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

29 Analysis of changes in net funds

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

	At 1 January 2010 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	**At 31 December 2010 £'000**
Cash and short-term deposits	108,017	52,452	–	(1,200)	**159,269**
Bank overdraft	(3,063)	(383)	–	110	**(3,336)**
Cash and cash equivalents	104,954	52,069	–	(1,090)	**155,933**
Other loans and leases non-CSF	(3,705)	3,705	–	–	**–**
Factor financing	(14,846)	(1,568)	–	(80)	**(16,494)**
Net funds excluding customer specific financing	86,403	54,206	–	(1,170)	**139,439**
Customer specific finance leases	(42,567)	20,641	(3,468)	500	**(24,894)**
Customer specific other loans	(6,488)	2,960	–	(4)	**(3,532)**
Total customer specific financing	(49,055)	23,601	(3,468)	496	**(28,426)**
Net funds	37,348	77,807	(3,468)	(674)	**111,013**

30 Adjusted management cash flow statement

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

1) Factor financing and current asset investment, where cash is placed on deposit but is not available on demand, is not included within the statutory definition of cash and cash equivalents, but operationally is managed within the total net funds/borrowings of the businesses; and

2) Items relating to customer specific financing are adjusted for as follows:

   a. Interest paid on customer specific financing is reclassified from interest paid to adjusted operating profit; and
   b. Where customer specific assets are financed by finance leases and the liabilities are matched by future amounts receivable under customer operating lease rentals, the depreciation of leased assets and the repayment of the capital element of finance leases are offset within net working capital; and
   c. Where assets are financed by loans and the liabilities are matched by amounts receivable under customer operating lease rentals, the movement on loans within financing activities is offset within working capital.

3) Net funds excluding CSF is stated inclusive of current asset investments. Current asset investments consists of a deposit held for a term of greater than 3 months from the date of deposit which is available to the Group with 30 days notice. The fair value of the current asset investment as at 31 December 2011 is not materially different to the carrying value.

	2011 £'000	2010 £'000
Adjusted profit before taxation	**74,219**	66,053
Net finance income	**(1,690)**	(1,626)
Depreciation and amortisation	**20,596**	19,506
Share-based payment	**2,476**	2,620
Working capital movements	**281**	21,358
Other adjustments	**(358)**	293
Adjusted operating cash inflow	**95,524**	108,204
Net interest received	**1,268**	1,204
Income taxes paid	**(14,384)**	(11,281)
Capital expenditure and disposals	**(33,186)**	(25,258)
Acquisitions and disposals	**(25,340)**	–
Equity dividends paid	**(21,169)**	(16,984)
Cash inflow before financing	**2,713**	55,885
Financing		
Proceeds from issue of shares	**20**	822
Purchase of own shares	**(3,606)**	(2,501)
(Decrease)/increase in net funds excluding CSF in the period	**(873)**	54,206
(Decrease)/increase in net funds excluding CSF	**(873)**	54,206
Effect of exchange rates on net funds excluding CSF	**(1,782)**	(1,170)
Net funds excluding CSF at beginning of period	**139,439**	86,403
Net funds excluding CSF at end of period	**136,784**	139,439

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

31 Capital commitments

At 31 December 2011 and 31 December 2010 the Group held no significant commitments for capital expenditure.

32 Pensions and other post-employment benefit plans

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

33 Related party transactions

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

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

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

	Sales to related parties £'000	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Biomni Limited	24	519	–	5

Terms and conditions of transactions with related parties

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

Compensation of key management personnel (including Directors)

The Board of Directors is identified as the Group's key management personnel. Please refer to the information given in the Directors' remuneration tables in the Directors' Remuneration Report on pages 36 and 42 for details of compensation given to the Group's key management personnel. A summary of the compensation of key management personnel is provided below:

	2011 £'000	2010 £'000
Short-term employee benefits	**1,758**	1,822
Social security costs	**387**	353
Share based payment transactions	**1,079**	974
Pension costs	**12**	12
Total compensation paid to key management personnel	**3,236**	3,161

The interest of the key management personnel in the Group's share incentive schemes are disclosed in the Directors' Remuneration Report on page 40.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Computacenter plc

We have audited the parent company financial statements of Computacenter plc for the year ended 31 December 2011 which comprise the Company Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 93, the Directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

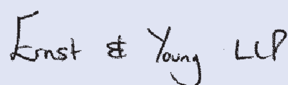
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Computacenter plc for the year ended 31 December 2011.



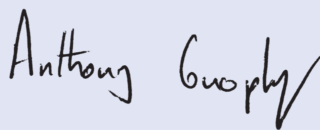
Nick Powell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12 March 2012

Company balance sheet

As at 31 December 2011

	Note	**2011 £'000**	2010 £'000
Fixed assets			
Intangible assets	2	**101,721**	110,221
Tangible assets	3	**23,715**	25,331
Investments	4	**188,235**	161,943
		313,671	297,495
Current assets			
Debtors	5	**90,126**	90,126
Cash at bank and in hand		**265**	791
		90,391	90,917
Creditors: Amounts falling due within one year	6	**159,638**	113,569
Net current liabilities		**(69,247)**	(22,652)
Total assets less current liabilities		**244,424**	274,843
Creditors: amounts falling due after more than one year	7	**18,535**	26,704
Provisions for liabilities and charges	8	**109**	246
Total assets less liabilities		**225,780**	247,893
Capital and reserves			
Called up share capital	9	**9,233**	9,233
Share premium account	9	**3,717**	3,697
Capital redemption reserve	9	**74,957**	74,957
Merger reserve	9	**55,990**	55,990
Own shares held	9	**(9,001)**	(8,185)
Profit and loss account	9	**90,884**	112,201
Equity shareholders' funds		**225,780**	247,893

Approved by the Board on 12 March 2012



MJ Norris
Chief Executive

FA Conophy
Finance Director

Notes to the Company financial statements

For the year ended 31 December 2011

1 Accounting policies

Basis of preparation

The financial statements of Computacenter plc were approved for issue in accordance with a resolution of the Directors on 12 March 2012. The balance sheet was signed on behalf of the Board by MJ Norris and FA Conophy.

The financial statements are prepared under the historical cost convention and in accordance with the applicable UK Accounting Standards.

No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The profit after tax for the Company was £165,674 (2010: £51,306,000). There are no other recognised gains or losses other than the profit for the year.

The Company has taken advantage of the exemption in paragraph 2D(b) of 'FRS 29 Financial Instruments: Disclosure' and has not disclosed information required by that standard, as the Group's consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under 'IFRS 7 Financial Instruments: Disclosures'.

Intellectual property

Licences purchased in respect of intellectual property are capitalised, classified as an intangible asset on the balance sheet and amortised on a straight-line basis over the period of the license, normally 20 years.

Depreciation of fixed assets

Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	25 years

Investments

Fixed asset investments are shown at cost less provision for impairment. In addition, subsequent to the adoption of UITF Abstract 41, investments in subsidiaries also include the FRS 20 cost of share-based payments.

Impairment of assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Share-based payment transactions

The expense for share-based payments is recognised in the subsidiary companies employing the relevant employees. The Company records a corresponding increase in its investments in subsidiaries with a credit to equity which is equivalent to the FRS 20 cost in the subsidiary undertakings.

Taxation

Corporation tax payable is provided on taxable profits at the current tax rate. Where Group relief is surrendered from other subsidiaries in the Group, the Company is required to pay to the surrendering company an amount equal to the loss surrendered multiplied by the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2 Intangible assets

	Intellectual property £'000
Cost	
At 1 January 2011 and 31 December 2011	**169,737**
Amortisation	
At 1 January 2011	59,516
Charged in the year	8,500
At 31 December 2011	**68,016**
Net book value	
At 31 December 2011	**101,721**
At 31 December 2010	110,221

3 Tangible assets

	Freehold land and buildings £'000
Cost	
At 1 January 2011 and 31 December 2011	**42,350**
Depreciation	
At 1 January 2011	17,019
Charged in the year	1,616
At 31 December 2011	**18,635**
Net book value	
At 31 December 2011	**23,715**
At 31 December 2010	25,331

4 Investments

	Investments in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Investment £'000	Total £'000
Cost				
At 1 January 2011	**231,107**	**2,754**	**25**	**233,886**
Additions	24,000	–	500	24,500
Share-based payments	2,476	–	–	2,476
At 31 December 2011	**257,583**	**2,754**	**525**	**260,862**
Amounts provided				
At 1 January 2011	**69,164**	**2,754**	**25**	**71,943**
Provided during the year	684	–	–	684
At 31 December 2011	**69,848**	**2,754**	**25**	**72,627**
Net book value				
At 31 December 2011	**187,735**	**–**	**500**	**188,235**
At 31 December 2010	161,943	–	–	161,943

Details of the principal investments at 31 December in which the Company holds more than 20 per cent of the nominal value of ordinary share capital are given in the Group accounts in note 15.

Notes to the Company financial statements continued

For the year ended 31 December 2011

5 Debtors

	2011 £'000	2010 £'000
Amount owed by subsidiary undertaking	**90,000**	90,000
Other debtors	**126**	126
	90,126	90,126

6 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amount owed to subsidiary undertaking	**158,825**	112,446
Accruals	**702**	568
Corporation tax	**111**	555
	159,638	113,569

7 Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Deferred income	**18,535**	26,704

8 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 January 2011	**246**
Capital allowances in advance of depreciation	**(137)**
At 31 December 2011	**109**

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

9 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2010	**9,186**	**2,929**	**74,950**	**(7,696)**	**55,990**	**77,271**	**212,630**
Shares issued	8	504	–	–	–	–	512
Exercise of options	46	264	–	1,563	–	(1,563)	310
Total recognised gains and losses in the year	–	–	–	–	–	51,306	51,306
Purchase of own shares	–	–	–	(2,501)	–	–	(2,501)
Cancellation of own shares	(7)	–	7	449	–	(449)	–
Share options granted to employees of subsidiary companies	–	–	–	–	–	2,620	2,620
Equity dividends	–	–	–	–	–	(16,984)	(16,984)
At 31 December 2010	**9,233**	**3,697**	**74,957**	**(8,185)**	**55,990**	**112,201**	**247,893**
Exercise of options	–	20	–	2,790	–	(2,790)	20
Total recognised gains and losses in the year	–	–	–	–	–	166	166
Purchase of own shares	–	–	–	(3,606)	–	–	(3,606)
Share options granted to employees of subsidiary companies	–	–	–	–	–	2,476	2,476
Equity dividends	–	–	–	–	–	(21,169)	(21,169)
At 31 December 2011	**9,233**	**3,717**	**74,957**	**(9,001)**	**55,990**	**90,884**	**225,780**

10 Contingent liabilities

The Company has given a guarantee in the normal course of business to a supplier of a subsidiary undertaking for an amount not exceeding £16.6 million (2010: £8.0 million), and to a customer of a subsidiary undertaking for an amount not exceeding £nil (2010: £6.0 million).

The Company has provided cross guarantees in respect of certain bank loans and overdrafts of its subsidiary undertakings. The amount outstanding at 31 December is £1.6 million (2010: £3.3 million).

11 Related party transactions

The Company has taken the exemption in FRS 8 not to disclose transactions with other wholly owned Group Companies.

The Company has not traded with any of the related parties disclosed in note 33 of the Group accounts.

12 Auditors' remuneration

All auditors' remuneration is borne by Computacenter (UK) Ltd, a fully-owned UK subsidiary of the Company.

Group five-year financial review

Year ended 31 December

	2007 £m	2008 £m	2009 £m	2010 £m	**2011 £m**
Revenue	2,379.1	2,560.1	2,503.2	2,676.5	**2,852.3**
Adjusted* operating profit	41.7	42.1	53.9	64.4	**72.5**
Adjusted* profit before tax	42.7	43.1	54.2	66.1	**74.2**
Profit for the year	28.9	37.3	37.7	50.3	**61.0**
Adjusted* diluted earnings per share	18.5p	21.0p	27.7p	33.0p	**37.4p**
Net cash/(debt) excluding CSF	(16.2)	4.6	86.4	139.4	**136.8**
Year-end headcount	9,877	10,220	10,296	10,566	**11,626**

* Before amortisation of acquired intangibles and exceptional items. Adjusted operating profit is stated after charging finance costs on customer-specific financing. The adjusted diluted EPS also excludes the effects of exceptional items within the tax charge for the year when applicable.

Group summary balance sheet

Year ended 31 December

	2007 £m	2008 £m	2009 £m	2010 £m	**2011 £m**
Tangible assets	116.4	123.3	105.3	88.9	**98.3**
Intangible assets	45.2	51.6	73.0	78.5	**104.2**
Investment in associates	–	–	–	–	**0.5**
Deferred tax asset	8.2	16.7	16.4	15.5	**15.9**
Inventories	110.5	105.8	67.1	81.6	**97.4**
Trade and other receivables	454.2	529.5	475.6	471.1	**549.0**
Prepayments and accrued income	61.4	97.7	85.3	84.2	**90.1**
Forward currency contracts	(0.4)	(0.6)	0.7	0.6	**(0.2)**
Current asset investment	–	–	–	–	**10.0**
Cash	29.2	53.4	108.0	159.3	**128.4**
Current liabilities	(496.1)	(602.6)	(557.5)	(588.2)	**(665.9)**
Non-current liabilities	(50.4)	(53.6)	(35.5)	(22.0)	**(24.0)**
Net assets	278.1	321.1	338.6	369.6	**403.7**

Financial calendar

Title	Date
Dividend record date	18 May 2012
AGM	18 May 2012
Dividend payment date	15 June 2012
Interim results announcement	31 August 2012
Dividend record date	21 September 2012
Dividend payment date	19 October 2012

Corporate information

Board of Directors
Greg Lock (Non-Executive Chairman)
Mike Norris (Chief Executive)
Tony Conophy (Finance Director)
Brian McBride (Senior Independent Director)
Philip Hulme (Non-Executive Director)
Ian Lewis (Non-Executive Director)
Peter Ogden (Non-Executive Director)
John Ormerod (Non-Executive Director)

Company Secretary
Stephen Benadé

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

Registrar and Transfer Office
Equiniti
Aspect House
Spencer Road
Lancing
BN99 6FE
United Kingdom
Tel: +44 (0) 871 384 2074

(Calls to this number are charged at 8p (+VAT) per minute from a BT landline. Other telephony providers' cost may vary).

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

Auditors
Ernst & Young LLP
One More London Place
London
SE1 2AF
United Kingdom
Tel: +44 (0) 20 7951 2000

Stockbrokers and Investment Bankers
Credit Suisse
One Cabot Square
London
E14 4QJ
United Kingdom
Tel: +44 (0) 20 7888 8888

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

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

Company Registration Number
3110569

Internet Address
Computacenter Group
www.computacenter.com

Principal Offices
UK and Group Headquarters
Computacenter
Hatfield Avenue
Hatfield
Hertfordshire
AL10 9TW
United Kingdom
Tel: +44 (0) 1707 631000
Fax: +44 (0) 1707 639966

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

France
Computacenter France SA
229 rue de la Belle Etoile
ZI Paris Nord 2
BP 52387
95943 Roissy CDG Cedex
France
Tel: +33 (0) 1 48 17 41 00
Fax: +33 (0) 1 70 73 42 22

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

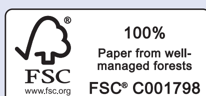
Luxembourg
Computacenter PSF SA
13-15 Parc d'activités
8308 Capellen
Luxembourg
Tel: +352 (0) 26 29 11
Fax: +352 (0) 26 29 1 815

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

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

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

Switzerland
Damax AG
Riedstrasse 6
1953 Dietikon
Switzerland
Tel: +41 (0) 43 322 40 80



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

Designed and produced by Carnegie Orr
+44 (0) 20 7610 6140.
www.carnegieorr.com

Overview | Business review | Governance | Financial statements

Computacenter Plc
Hatfield Avenue
Hatfield
Hertfordshire
AL10 9TW
United Kingdom

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

E&OE. All trademarks acknowledged.
© 2012 Computacenter.
All rights reserved.

www.computacenter.com