Computacenter plc
Annual Report and Accounts 2009

PLEASED, BUT NOT SATISFIED.

Computacenter
Services & Solutions

KEY METRICS

Revenue

£2.50bn

Adjusted profit before tax

£54.2m

Adjusted diluted earnings per share

27.7p

Total dividend per share

11.0p

Who we are

Computacenter is a leading IT infrastructure services provider. We add value to our customers by advising on IT strategy, deploying appropriate technologies, and managing elements of their infrastructures on their behalf.

Our mission

To deliver IT services and solutions that enable our customers to achieve their goals.

Our strategy

Our strategy is to achieve long-term earnings growth. To help measure our success, we have five key strategic initiatives against which to benchmark our performance.

See over page for performance against strategic objectives.

PERFORMANCE HIGHLIGHTS

Revenue £bn

Year	Revenue £bn
2006	2.26
2007	2.38
2008	2.56
2009	2.50

-2.2%

Adjusted* operating profit £m

Year	Adjusted* operating profit £m
2006	33.3
2007	41.7
2008	42.1
2009	53.9

+27.9%

Adjusted* diluted earnings per share p

Year	Adjusted* diluted earnings per share p
2006	13.8
2007	18.5
2008	21.0
2009	27.7

+31.9%

Total dividend per share p

Year	Total dividend per share p
2006	7.5
2007	8.0
2008	8.2
2009	11.0

+34.1%

Financial performance

- Group revenues decreased 2.2 per cent to £2.50 billion (2008: £2.56 billion)
- Adjusted* profit before tax increased 25.8 per cent to £54.2 million (2008: £43.1 million)
- Adjusted* diluted earnings per share increased 31.9 per cent to 27.7 pence (2008: 21.0 pence)
- Additional interim dividend of 8.0 pence, in lieu of final dividend, bringing the total dividend for the year to 11.0 pence (2008: 8.2 pence)
- Net cash prior to customer specific financing (CSF) was £86.4 million (2008: £4.6 million)

Statutory performance

- Profit before tax increased 22.4 per cent to £48.4 million (2008: £39.5 million)
- Diluted EPS increased 2.9 per cent to 24.9 pence (2008: 24.2 pence)
- Net funds after CSF was £37.3 million (2008: net debt of £84.6 million)

Operating highlights

- Group annual services contract base grew over 9 per cent to £503.6 million, at constant currency
- Contract wins and extensions included Produban (Santander Group IT Business), Threadneedle, BP, Schroders and Severn Trent Water
- Operating expenses reduced by over £30 million, in constant currency
- Successful exit of trade distribution business which freed circa £20 million of working capital
- Two acquisitions made during the year; Thesaurus Computer Services in UK and becom in Germany
- Group-wide ERP project remains on track

* Adjusted for exceptional items and amortisation of acquired intangibles. Adjusted operating profit is also stated after charging finance costs on CSF, and prior to the transfer of internal ERP implementation costs between segments.

Overview
02 International operations at a glance
04 Chairman's statement

Business review
05 Operating review
17 Market overview
18 Finance Director's review
22 Risk management
24 Corporate sustainable development

Governance
28 Board of Directors
29 Corporate governance statement
34 Directors' remuneration report
40 Directors' report

Financial statements
45 Independent auditors' report
46 Consolidated income statement
47 Consolidated statement of comprehensive income
48 Consolidated balance sheet
49 Consolidated statement of changes in equity
50 Consolidated cash flow statement
51 Notes to the consolidated financial statements
87 Statement of Directors' responsibilities
88 Independent auditors' report
89 Company balance sheet
90 Notes to the Company financial statements
94 Group five year financial review
94 Group summary balance sheet
95 Financial calendar
96 Corporate information

2009 strategic objectives	**Accelerating the growth of our contractual services businesses**	**Improving the efficiency of our service operations**
Progress against 2009 strategic objectives	In 2009 our Group contract base grew by 9 per cent in constant currency; in a difficult economic environment, customers continued to turn to Computacenter for contracted services.	Our investment in common solutions and approaches continues to help us improve service efficiency and lower costs for customers. In the UK, the Shared Services Factory (SSF) helped us further standardise customer engagement in 2009 and ensure we deliver value to our customers beyond simply meeting defined service levels. Progress is being made with similar shared resource initiatives across the Group. In addition, we are making investments in our off-shore delivery capability to take advantage of lower costs available, such as in South Africa.
Key performance indicators	**Increase contract base in constant currency £m** 2006: 347 2007: 418 2008: 462 2009: 504 **+9.0%**	**Increase services revenue per service head (£'000/head)** 2006: 84 2007: 87 2008: 88 2009: 87 **-1.2%**
2010 strategic objectives	**Accelerating the growth of our contractual services businesses**	**Reducing cost through increased efficiency and industrialisation of our services operations**

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

In 2009, following the partial exit of trade distribution in the UK in late 2008, we took the decision to complete our exit from the trade distribution activity with the sale of the remaining server and storage CCD business. This is expected to generate cash of circa £20 million, which can be invested in the Group's core business.

During the year we've placed significant focus on all the key areas of working capital management which collectively across the Group have resulted, prior to CSF, in a net cash improvement from £4.6 million to net cash of £86.4 million.

Increase adjusted operating cashflow £m

Year	£m
2006	24
2007	38
2008	79
2009	142

+79.6%

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

Extending our presence in markets that offer greatest growth opportunity

Following the decision to refocus our efforts on the sale of our full service proposition and higher end product sales to organisations of more than 500 seats, we have seen a revenue reduction of 2.2 per cent, against a challenging economic backdrop. However this is ahead of the overall market position; the total IT market for Western Europe declined by 4% in constant currency.*

Increase services revenue in constant currency £m

Year	£m
2006	614
2007	693
2008	728
2009	740

+1.7%

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

Reducing the cost of sale in our supply chain activities

In light of the challenges presented by the economic environment, we increased our focus on overlay cost reduction across our geographies, particularly in the UK where SG&A reduced by £22 million (13.3 per cent). This was achieved through: the exit from CCD; the withdrawal from our focus on product sales to mid-market customers; streamlining of the UK management structure and de-layering process.

We also continued to benefit from previous e-commerce investments in our supply chain activities to reduce the unit cost of processing product sales transactions.

Decrease net operating expenses in constant currency £m

Year	£m
2006	298
2007	318
2008	326
2009	292

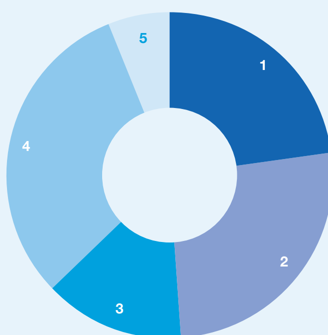
+10.5%

Ensuring the successful implementation of the Group-wide ERP system

*Adapted from Gartner IT Market Databook, December 2009 and IT Services Europe Forecast Database, December 2009.

INTERNATIONAL OPERATIONS AT A GLANCE

Computacenter operates in the UK, Germany, France, and the Benelux countries, as well as providing transnational services across the globe. Its activities are supported by service centres in the UK, Germany, France, Spain, South Africa and Malaysia.



Group revenue by business type

1. Personal systems Desktop, laptop, monitor, printers, peripherals, consumables.	**23%**
2. Datacentre & Networking Intel and Unix servers, storage, networking and security.	**26%**
3. Software product	**14%**
4. Services Professional, support and managed services delivered by Computacenter.	**31%**
5. Third party services Third party resold services.	**6%**

United Kingdom

% of Group revenue

49%

Financial highlights

Revenue
£1,226.9m

Adjusted* operating profit
£37.8m

Germany

% of Group revenue

37%

Financial highlights

Revenue
£930.7m

Adjusted* operating profit
£19.6m

France

% of Group revenue

13%

Financial highlights

Revenue
£319.4m

Adjusted* operating loss
-£2.7m

Benelux

% of Group revenue

1%

Financial highlights

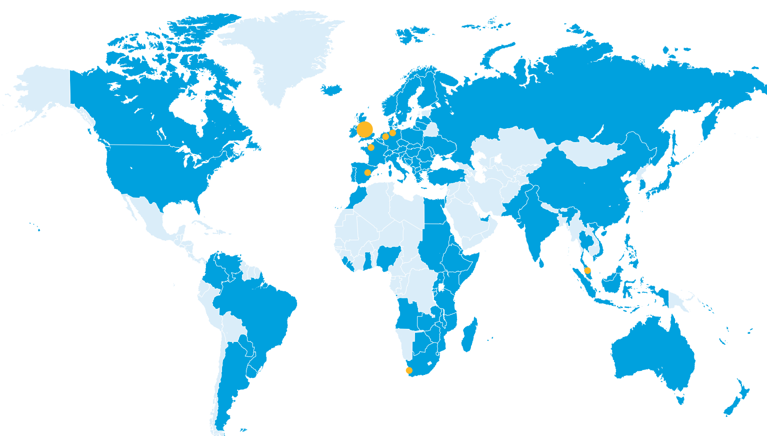
Revenue
£26.2m

Adjusted* operating loss
-£0.8m

Computacenter coverage

Computacenter service centres

Hatfield, UK
Leeds, UK
Manchester, UK
Milton Keynes, UK
Nottingham, UK
Romford, UK
Warrington, UK
Erfurt, Germany
Kerpen, Germany
Paris, France
Barcelona, Spain
Cape Town, South Africa
Kuala Lumpur, Malaysia



Highlights

- Adjusted* operating profit increased by 27.8 per cent to £37.8 million (2008: £29.6 million)
- Ongoing revenue fell by 7.3 per cent in 2009 to £1.14 billion (2008: £1.23 billion)
- Long-term contractual revenue grew by 6 per cent whilst professional services revenue declined by 6.8 per cent
- Reduction in operating expenses by £22 million
- Acquired IBM mainframe specialist, Thesaurus Computer Services Limited (TCS)

Contract wins

- New managed service contracts with: a retail bank; Schroders; Threadneedle; NHS Oldham; Produban (Santander Group IT business) and BT
- Professional services wins include: a leading financial services group; a major supermarket chain and Severn Trent Water
- Product win for: BP

Revenue by business type

1. Personal systems	18%
2. Datacentre & Networking	30%
3. Software product	17%
4. Services	29%
5. Third party services	6%

Highlights

- Adjusted* operating profit growth of 21.9 per cent to €22.0 million (2008: €18.0 million)
- Managed services contract base grew by 8.4 per cent to €266.8 million
- Acquired systems provider becom Informationssysteme GmbH ('becom')

Contract wins

- Managed services contracts with EADS Astrium
- Onsite services and logistics support for BASF IT services
- Datacentre optimisation win for a leading manufacturer of brake parts

Revenue by business type

1. Personal systems	22%
2. Datacentre & Networking	27%
3. Software product	9%
4. Services	36%
5. Third party services	6%

Highlights

- Adjusted* operating loss of €3.1 million (2008: €2.1 million)
- Revenue declined by 7.6 per cent to €358.7 million (2008: €388.0 million)
- Services revenues grew by 10.2 per cent in local currency, now representing 18.4 per cent of the total business
- Simplified management structure resulted in an 11.6 per cent reduction in operating expenses in local currency

Contract wins

- Desktop support contract with Conseil Regional Midi-Pyrénées
- Managed services contract with Electricité Réseau Distribution France
- Datacentre maintenance win for SPEIG
- Software licensing contract with: Airbus France and a Global contract with GDF-SUEZ

Revenue by business type

1. Personal systems	47%
2. Datacentre & Networking	12%
3. Software product	19%
4. Services	18%
5. Third party services	4%

Highlights

- Adjusted* operating loss of €851,000 in 2009 (2008: €120,000)
- Overall revenues declined by 22.1 per cent in local currency

Contract wins

- International contract with leading biotechnology firm covering the supply of hardware and software

Revenue by business type

1. Personal systems	34%
2. Datacentre & Networking	13%
3. Software product	11%
4. Services	40%
5. Third party services	2%

* Adjusted operating profit is stated after charging finance costs on CSF, and prior to the transfer of internal ERP implementation costs between segments.

CHAIRMAN'S STATEMENT

"At Computacenter we provide services to our customers that save them money and help them be more productive. In pursuit of this we made good progress in 2009."

At Computacenter we provide services to our customers that save them money and help them be more productive. In pursuit of this we made good progress in 2009. We set out to enhance our profitability, optimise the use of working capital and improve our cash flow. We invested in our people, processes and systems, whilst significantly reducing the overall cost base within the Group. Our organisation was simplified, we exited our trade distribution businesses, and bought Thesaurus in the UK and becom in Germany. Our services contribution saw improvement in all three major geographic markets, focus on our target markets was sharpened and we continued to invest in the implementation of our Group-wide ERP system.

Results for the year are pleasing. Adjusted* profit before tax increased by 25.8 per cent to £54.2 million. Net funds before customer specific financing increased by £81.8 million to £86.4 million. The ERP implementation is on plan and budget. Our customers gave us high and improved satisfaction ratings in independent surveys and an increasing share of their business. We invested some £20 million in our business in 2009, a sum which includes the ERP project and at the same time reduced the cost base by more than £30 million on a constant currency basis.

We face the future encouraged by this progress and optimistic for our prospects ahead, in particular with an annualised service contract base of over £500 million. We have won a number of major new contracts and have a solid retention of existing customers. Competition is fierce and we must continuously improve our performance in order to win in the market place; the economic environment remains uncertain and our job is to help our customers address this, while improving our own business. We are seeing a continued shift in our market to 'multi sourcing' of service offerings and 'single sourcing' of product offerings, independent of the hardware and software makers. We are well positioned to address these shifts as we strive to please our customers and improve profitability, maximise the use of working capital and fulfil our people's talent and ambition.

I thank the people of Computacenter for their hard work and commitment to our Company and our customers for their support and, above all, their business. We are pleased with our progress but not satisfied that we have exploited our potential to the full.

Greg Lock
Chairman

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

OPERATING REVIEW

"We enter 2010 in good shape, with a lower cost base, having secured our largest project to date. We believe that the investments we are making in our business, together with our strong balance sheet, positions the Group well to take advantage of market opportunities, which means we are well placed to capture further opportunities and market share."

Computacenter has delivered a strong profit performance in 2009. Group adjusted* profit before tax grew by 25.8 per cent to £54.2 million (2008: £43.1 million). Excluding the effects of a stronger Euro, Group adjusted* profit before tax increased by 22.3 per cent. Primarily due to this increased profitability and a reduced tax rate, the Group's adjusted* diluted earnings per share (EPS) grew 31.9 per cent to 27.7 pence (2008: 21.0 pence). On a statutory basis, taking into account amortisation of acquired intangibles and exceptional items, Group profit before tax increased 22.4 per cent to £48.4 million (2008: £39.5 million) and diluted EPS increased by 2.9 per cent to 24.9 pence (2008: 24.2 pence).

Group revenue declined in 2009 by 2.2 per cent to £2.50 billion (2008: £2.56 billion). Part of this decline was as a result of our strategic decision to exit trade distribution; however revenue benefited from a strong Euro. Excluding these two opposing effects revenue declined by 4.9 per cent. As reported, Group services revenue increased by 8.1 per cent but particularly pleasing was the 12.2 per cent increase in long-term contractual revenues. The Group annual services contract base stood at £503.6 million at the end of the year, an increase of 3.9 per cent over 31 December 2008 or 9.0 per cent in constant currency.

*Adjusted profit before tax, income tax expense and EPS are stated prior to amortisation of acquired intangibles and exceptional items. Adjusted operating profit is also stated after charging finance costs on CSF, and prior to the transfer of internal ERP implementation costs between segments.

We reduced operating expenses by over £30 million in constant currency and as a result the Group incurred exceptional costs as it restructured its workforce and vacated the related property. Additionally, the disposal of our trade distribution division (CCD) in November 2009, generated an exceptional profit of £1.9 million, net of goodwill written off. The net effect of these exceptional items is a charge of £5.3 million.

Our balance sheet has strengthened considerably. At the end of the year net cash prior to customer specific financing (CSF) was £86.4 million (2008: net cash of £4.6 million). Including CSF net funds were £37.3 million (2008: net debt of £84.6 million). This material improvement in our cash position was primarily due to increased profitability, the sale of our distribution division, prudent working capital management and is largely sustainable. However, the figures are flattered by approximately £30 million due to the extended credit terms of one of our major vendors which have been made available to all of their business partners. These terms are likely to return to normal in the second half of 2010.

The Board has decided to pay an additional interim dividend of 8 pence in lieu of a final dividend, bringing the total dividend for the year to 11 pence (2008: 8.2 pence). The increase in dividend is broadly consistent with our stated policy of maintaining dividend cover within our target range of 2 to 2.5 times. The dividend will be paid on 1 April 2010 to shareholders on the register as at 19 March 2010.

The increase in the Group's annual services contract base is clear evidence that customers are turning to Computacenter to help them reduce their operating costs. Our offerings continue to gain momentum in the market as customers choose to selectively outsource IT infrastructure support, rather than opting for a comprehensive IT outsourcing contract or undertake the work in-house.

To meet this growing demand for our datacentre and distributed services we have continued to invest in our assets and people during 2009. We have increased our service desk capacity in Milton Keynes, Hatfield, Erfurt, Barcelona and Cape Town as well as establishing a new helpdesk facility outside of Paris. The enhancements we have made to our customer facing systems and tools, which enable better workflow within IT departments, have caused a strong increase in use by our customers. We now have as many customer employees using our software tools as our own staff.

We have successfully transitioned a number of existing customers to our new datacentre facility in Manchester. We received the award for Datacentre Team of the Year after migrating more than 1,000 devices without any business interruption, resulting in 100 per cent positive customer feedback. Additionally, in the datacentre area we have made a significant enhancement to the Group's offering by investing in a new facility in Romford in the UK, which opened in early 2010. This is the first datacentre outsourcing facility in Europe that will be certified to the highest level of security and reliability, Tier IV.

"Business expansion had left us with a disparate telephone system that was inefficient and expensive. Computacenter helped us deploy an IP-based unified communications solution that enhanced business agility, staff collaboration and the customer experience. By consolidating our communications systems and support with Computacenter, we will also be able to save at least £1 million over the next 10 years."

Martin Schofield, Retail Operations Manager, Harvey Nichols

Financial statements

We announced a year ago that the Group had embarked on a major ERP implementation project. The project remains on track and within the capex budget of £32 million of which £22 million had been spent by the end of 2009. We are scheduled to roll out the new system in Germany in the second half of 2010 and in the UK in the first half of 2011 with other Group countries following closely behind. There will be a net cost to the profit and loss in the second half of 2010 and the first half of 2011 as the cost savings that we expect to achieve from the new implementation, will only be available to us once our two major countries have gone live. In addition to the cost saving benefits, we believe the new system will enable us to create greater efficiencies in many of the Group's activities and improve our competitiveness.

The Group made two acquisitions in the year, both in late November, which therefore had minimal impact on our 2009 performance. In the UK we acquired Thesaurus Computer Services Limited (TCS). TCS gives Computacenter access to IBM mainframe specialist skills and builds on our long-term relationship with IBM. With this acquisition Computacenter will become the most significant independent System Z provider of products and services in the UK outside of IBM. In Germany we acquired systems provider becom Informationsysteme GmbH (becom). This acquisition also strengthens our relationship with IBM and positions Computacenter as their largest business partner in Europe. We believe the acquisition will increase our annual revenue in Germany by around 10 per cent in 2010. Whilst there will be some one-off integration costs post the acquisitions, we expect a positive net operating profit in the year ahead.

The sale of CCD to Ingram Micro was finalised in November, completing our exit from the trade distribution market. This disposal frees up approximately £20 million of working capital of which £15 million was realised in 2009. It will have a negative impact on the Company's profitability of approximately £1.0 million in 2010.

United Kingdom

Revenue

£1,226.9m

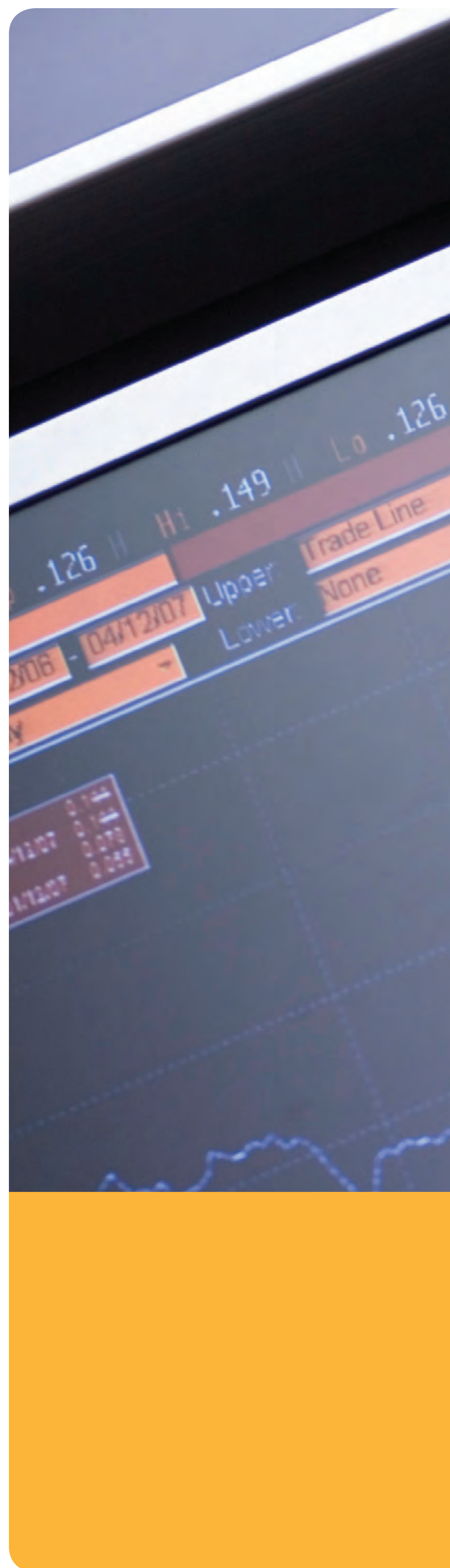
Adjusted* operating profit

£37.8m

Excluding the effects of the exit from trade distribution, UK revenues fell by 7.3 per cent in 2009 to £1.14 billion (2008: £1.23 billion). This fall was driven by product revenue declines as the condition of the UK economy caused our customers to reduce capital expenditure where possible. The fourth quarter showed a small revenue increase of 2 per cent. Whilst this is encouraging, the VAT rate increase at the end of the period may have caused the increase in demand.

Adjusted* operating profit in the UK increased by 27.8 per cent to £37.8 million (2008: £29.6 million). This profit growth could not have been achieved without the major cost reduction programme we entered into at the beginning of the year. In 2009 the UK's overhead costs have been reduced by approximately £22 million compared to 2008.

Services revenue grew by 2.2 per cent to £334.0 million (2008: £326.8 million). However, more importantly long-term contractual revenue grew by 6.0 per cent whilst professional services revenue, which is more closely linked to product and shorter term projects, declined by 6.8 per cent. The decline in professional services revenue was caused by the lack of new infrastructure projects throughout 2009, the pipeline for which has improved steadily towards the end of the period.



“Guaranteeing IT availability requires a high level of service quality, which can be difficult and expensive to maintain. By partnering with Computacenter, we have been able to draw on its skilled resources for both non-core aspects of IT management and transformation projects, such as a datacentre consolidation. The partnership has already enabled annual savings of £1.5 million and will help safeguard the continuity and quality of our investment services.”

Mark Prior, IT Director, Threadneedle

As we have stated before our propositions, particularly in managed services, have gained traction in the market over the last few years as we focus on reducing the operating costs of our customers' IT infrastructure. We are pleased to announce a number of significant new wins in our long-term contractual services business.

We have won a ten-year managed services contract with global asset management firm Threadneedle. This contract, which is now fully operational, is an £11 million agreement where Computacenter will host and manage the firm's datacentre infrastructure. This has facilitated Threadneedle making savings in excess of the contract value. NHS Oldham has signed a four-year contract that will see Computacenter provide management and support of its IT infrastructure to reduce costs and improve service.

At the beginning of 2010 we signed our largest services contract to date, with a retail bank to out-task desktop services as part of a five-year agreement covering the bank's 140,000 users and 16,000 servers over its entire estate including 3,000 branches. We also signed a new five-year full infrastructure managed services deal worth in excess of £40 million with global asset management firm Schroders. Both of these contracts will not start to add significantly to our services revenue until the second half of 2010.

Whilst the number of new contracts won is extremely satisfying, we are even more pleased with our retention rate, where we frequently not only retain the customer but also increase the contract in scope and duration. Testament to this is the new six-year desktop services contract signed with BT Group in 2009. In retail banking we have signed a new contract with Produban (Santander Group IT business) where we have agreed a five-year extension, which supports its 31,000 UK employees.

Although there have been fewer significant infrastructure projects than in previous years, we managed to secure a number of major successes. Wins include the £45 million contract to supply and install the network infrastructure at two new datacentres for a leading financial services group and a major business transformation including datacentre and network implementations for a major supermarket chain, within its distribution network.

We are encouraged by the number of customers evaluating and committing to transformation programmes involving the migration to Microsoft Windows 7, which we see as a key driver for growth in the coming years. An example of this is where Severn Trent Water has engaged Computacenter as part of a £3.5 million project, which will underpin new flexible working practices, increase staff productivity and reduce costs.

We have also had success in the product supply side of our business where we have seen customers consolidating suppliers and using the indirect channel to help them reduce their costs. A good example of this is our recent win with BP, which has consolidated hardware and software procurement with Computacenter in Europe and CompuCom, our partner in the US. BP expects to see a 15 per cent reduction in capital expenditure as part of this programme.

“To help reduce costs and enhance efficiency, we outsourced the management of our European network infrastructure to Computacenter. Via a single network control centre, Computacenter manages more than 130,000 network ports and associated components. By taking advantage of a shared services model, we have been able to make financial savings while also increasing the stability of our IT infrastructure.”

Dr. Hartwig Faber, Daimler AG

With the ongoing focus on environmental issues, 2009 proved a great year for RDC, our IT equipment disposal, remarketing and redeployment subsidiary. The Company achieved record annual results as part of the Computacenter Group, with overall revenue up by 20 per cent to nearly £30 million, while profits grew by 46 per cent.

In June, RDC was delighted to invite the new Chairman of the Environment Agency, Lord Chris Smith, to open a new recycling area, and to celebrate its second Queen's Award. The accolade for Enterprise for Sustainable Development is one of only ten awarded in the whole of the UK.

Germany

Revenue

£930.7m

Adjusted* operating profit

£19.6m

In Germany we saw another year of encouraging adjusted* operating profit growth of 21.9 per cent to €22.0 million (2008: €18.0 million). This was achieved despite a decline in revenues of 1.4 per cent in local currency to €1.03 billion, excluding the acquisition of becom in late November. As with elsewhere in Europe there was a slowdown in product sales and continued margin pressure throughout the year, particularly for low-end servers and PCs.

2009 can be characterised as a year of lots of small improvements. Services margin was up a little, operating expenses were down a little and there was some improvement towards higher-end products and services, all of which improved the profit performance.

Our managed services contract base grew by 8.4 per cent to €266.8 million compared to the previous period. We signed a number of notable outsourcing contracts, including a three-year agreement with aerospace company EADS Astrium. BASF IT services has engaged Computacenter to provide on-site services and logistics support for more than 50,000 desktops and laptops for the BASF Group in Europe.

The market for professional services has been challenging. However, our networking solutions business saw good results; initiatives aimed at increasing networking services sales yielded strong growth, notably in security and unified communications. Margins grew considerably in 2009 and played an important role in the operating results. Significant wins included a networking managed services contract with EADS Astrium. This contract and the desktop agreement are worth a total of €5.0 million.

Our datacentre product business performed poorly, with revenue and margins for low-end servers below our expectations. Future growth in the datacentre business will be assisted by the becom acquisition.

The opportunity created by customer concerns around energy and operational efficiency also led to a number of new business wins in 2009, including a datacentre optimisation project for a leading manufacturer of brake parts. We are helping the manufacturer identify ways to enhance its energy efficiency as part of the contract. While at Immoblienscout24, we are assisting the online property portal company with the implementation of a new datacentre and also providing ongoing support.

"NHS Oldham wants to ensure that information technology is an enabler to improved health services and delivers value for money. By outsourcing the majority of our ICT to Computacenter, we have greater certainty and control over both service levels and costs. This will enable us to save money and time, which is key to improving patient care."

Steve Sutcliffe, NHS Oldham, Director of Finance

France

Revenue

£319.4m

Adjusted* operating loss

-£2.7m

Whilst overall performance for Computacenter France declined slightly last year to an adjusted* operating loss of €3.1 million (2008: €2.1 million) it was still materially ahead of our internal, as well as external, expectations at the beginning of the year.

In line with the market, revenue declined by 7.6 per cent to €358.7 million (2008: €388.0 million). However, encouragingly services revenues grew by 10.2 per cent in local currency, now representing 18.4 per cent of the total business.

Computacenter France continued to demonstrate improvements in its operating controls and processes, with greater governance of forecasting and financial structure. The simplified management structure implemented at the beginning of 2009 resulted in an 11.6 per cent reduction in operating costs, in local currency.

To further support services growth in France, we opened a new helpdesk in Roissy. This facility will be key to supporting and growing our desktop support business, which benefited from a number of key wins in 2009. For example, the Conseil Regional Midi-Pyrénées, a public administrative authority in the south of France, has engaged Computacenter France to provide support services to 1,300 end-users, as part of a three-year contract.

A full managed services contract with Electricité Réseau Distribution France was another of our outsourcing success stories in 2009. Worth €4.8 million, the contract includes support for 1,800 desktops as well as the electricity Company's network and datacentres.

Datacentre solutions and services, especially consolidation and virtualisation, will play a key role in the development of the French business. For example, we won a four-year contract with SPEIG, a subsidiary of COLAS (the French building construction and public works leader) for maintaining its datacentres across 40 countries.

Computacenter France's product revenue declined by 10.8 per cent in local currency compared to 2008. The most significant factor in this revenue decline was due to our largest customer in France going through a hiatus in spend, due to the fact that their contract with us had come to an end. We are pleased to announce that we have secured a new contract with this customer with a slightly wider scope for another four years. Excluding this customer, product revenue grew by 1 per cent which we believe is materially ahead of the market as a whole.

The software licensing market is a key development area for Computacenter France, supported by a new specialist sales team. Among our software successes during 2009 was a win with Airbus France, which involves the supply and the implementation of an anti-virus package for 560 users.

We also won a global software licensing contract worth €9 million with energy company GDF-SUEZ. The contract includes distribution to 51 countries and will help GDF-SUEZ remove cost and complexity from its operations.

Computacenter France has made real progress in 2009. The local management team have made a step change in 2009 as is evidenced by our services growth. We feel confident that the business will make financial progress in 2010.

“Computacenter has a long-term relationship with Nationwide and has played a key role in allowing us to optimise and support our IT infrastructure – from implementing new cabling for our administration centre locations to simplifying software licensing and delivering key infrastructure projects. In April 2009, we signed a five-year IT managed services contract with Computacenter that will improve cost control, business agility and IT service levels.”

Peter Stafford, IT Director, Nationwide

Benelux

Revenue

£26.2m

Adjusted* operating loss

-£0.8m

Our Benelux operation showed an adjusted* operating loss of €851,000 in 2009 (2008: €120,000), with overall revenues dropping by 22.1 per cent. This was due to a major decline of 29 per cent in product revenues. The product business had a difficult year in a tough market, particularly within the corporate sector.

In the first half of 2009, we embarked on several initiatives to control the cost base. We suspended product supply activities in Luxembourg and undertook a restructuring project in Belgium.

Despite the decline in revenue, we saw a number of key managed services and project wins during 2009. Techspace Aero, part of the Safran Group, has engaged Computacenter Benelux to deploy a new storage infrastructure. The project, worth €550,000 will help the company improve data management and reduce costs. We are also helping Truvo Netherlands upgrade its telecommunication systems after a project win worth €110,000.

The Group's global procurement capabilities also secured new business for Computacenter Benelux during 2009 in the form of an international contract with a leading biotechnology firm. The agreement covers the supply of hardware and software.

Outlook

The outlook for our long-term contractual services business, where we save our customers money, remains encouraging and we predict revenue growth, particularly in the UK, in 2010 where contracts have already been secured. We also expect some improvement in gross profit compared to 2009 due to improved business take on and economies of scale.

Our professional services, coupled with our product supply, which is reliant on capital expenditure, is more difficult to predict.

The encouraging signs we saw in the fourth quarter in the UK have continued into the first quarter of 2010. Germany has seen a challenging start to the year when compared with the first quarter of 2009. As is always the case, it is not until we have gone through the end of the first quarter, that we can draw any meaningful conclusions about the performance of the Group, for the year as a whole.

In the longer-term we believe the investments we are making in our business, together with our strong balance sheet, positions the Group well to take advantage of market opportunities. While the economic outlook remains uncertain, customers will continue to focus on reducing their operating costs and focusing on core activities.

Mike Norris
Group Chief Executive Officer

"In the longer-term we believe the investments we are making in our business, together with our strong balance sheet, positions the Group well to take advantage of market opportunities."
Mike Norris, Chief Executive Officer

MARKET OVERVIEW

"We remain confident about steady growth in the selective outsource market in 2010 and take some encouragement from market forecasts that there will be a return to growth, albeit small, in capital expenditure."

Computacenter operates across Western Europe primarily serving the Corporate and Public Sector markets, providing IT infrastructure services, including: infrastructure outsourcing; infrastructure design; implementation and product supply.

In 2009, mainly due to the recessionary environment, the impact on the infrastructure outsourcing and new infrastructure projects was markedly different.

Customers were and remain primarily focused on cost reduction; demand for selective outsourcing elements of the IT infrastructure for customers continued to be robust, as we reduce cost for our customers and they move away from total outsourcing to a single vendor. Market figures show that in Western Europe in 2009, IT infrastructure outsourcing increased by 3 per cent* and is expected to increase by 4 per cent* in 2010. Computacenter's Group contracted services revenues grew by 5.4 per cent in 2009 in constant currency.

Companies are increasingly looking to take back control of their strategic IT with a combination of selective outsourcing and in-house delivery. We are well positioned to benefit from the trend of selectively outsourcing as opposed to large end-to-end outsourcing by the major outsourcers, as we are specialists in this area.

Conversely, in 2009 business investment in new IT infrastructure and therefore design and deployment services was weak, with hardware sales to the business market across Europe down by 12 per cent**. Computacenter's product sales to end-users were impacted by this trend but to a lesser extent, with overall product sales for ongoing business down by 7.5 per cent. Gartner** predicts a small growth in business product sales across Europe in 2010 of 3 per cent.

Consistent with these predictions, as European economies slowly emerge from recession, we're seeing a measured but steady development in the nature of IT infrastructure projects. However, the market may be impacted by lower Government spending on new infrastructure as governments withdraw stimuli measures to reduce budget deficits.

Against the challenging broader economic backdrop, server and desktop consolidation and virtualisation have continued to be two of the few areas of clear growth in the IT professional services market in 2009 (overall professional services market decline of 2 per cent†). Such projects generally deliver measurable cost savings and efficiency gains in a relatively short space of time and as such have been favoured over large scale infrastructure deployments, as customers seek a quicker return on investment.

We are also beginning to see a gradual change in customer focus from primarily cost reduction towards a focus on cautious business investment for growth, as the European economies slowly improve.

For many years, operating system upgrades have had little real impact on the investment in new technology. However, Microsoft Windows 7 is generating significant customer interest, as a result of its ability to improve reliability and cost of management of the PC infrastructure. As a stable, secure and more user friendly operating system, this particular upgrade may help to drive new infrastructure projects.

No discussion of the current market would be complete without a mention of cloud computing. As with any 'new' technology, there has been significant discussion and marketing of the cloud concept, with many observers proclaiming cloud to be the answer to the future of IT. For our part, we've embraced the potential of cloud and have integrated it into our offerings – in fact many of our customers have already implemented the 'cloud' concept in some form; for example hosted IT services or shared infrastructure services. Our existing service and hosting offerings already span the cloud concept and we are able to market this effectively to our customers. We've found that offering a balanced approach in this area rather than a one-size-fits-all service resonates better with our clients and prospects.

In conclusion, we remain confident about steady growth in the selective outsource market in 2010 and take some encouragement from market forecasts that there will be a return to growth, albeit small, in capital expenditure. However, customers remain cautious and this capital expenditure growth is by no means certain.

Market facts and figures

Western Europe IT infrastructure outsourcing increased by 3 per cent in 2009*

3%

Computacenter's Group contracted services revenues grew by 5.4 per cent in 2009

5.4%

Predicated growth for IT infrastructure outsourcing in Western Europe of 4 per cent in 2010*

4%

* Gartner IT Outsourcing Europe Forecast Database, December 2009.

** Adapted into constant currency growth from Gartner IT Market Databook, December 2005.

† Adapted into constant currency growth from Gartner IT Services Europe Forecast Database, December 2009. Computacenter excludes IT management from Gartner's professional services figure.

FINANCE DIRECTOR'S REVIEW

"The net funds (excluding CSF) improved from £4.6 million to £86.4 million by the end of the year."

Turnover and profitability

After two consecutive years of growth, Group revenues reduced in 2009 by 2.2 per cent. The exit from the trade distribution of PCs, laptops and printers at the end of 2008, and subsequent completion of the sale of the remaining trade distribution (CCD) business on 27 November 2009 resulted in a reduction of revenues in that business to £84.7 million (2008: £158.8 million). Excluding CCD, Group revenues increased by 0.7 per cent, with product revenues declining by 2.3 per cent to £1.68 billion. This reduction was partially offset by an increase in services revenues of 8.1 per cent to £740.0 million, with Managed Services growth offsetting a contraction in Professional Services. The Professional Services and product revenue decline is mainly due to the lack of large infrastructure projects as a result of the recessionary environment. The growth in service revenues across the Group improves the forward visibility of gross margin generation and earnings resilience.

In both the UK and Germany, product revenues in December were stronger than anticipated, partially due in both countries to strong year end activity by customers to utilise existing budgets, augmented in the UK by the VAT rate change on 1 January 2010.

Adjusted profit before tax improved by 25.8 per cent from £43.1 million to £54.2 million. After taking account of exceptional items and amortisation of acquired intangibles, statutory profit before tax increased by 22.4 per cent from £39.5 million to £48.4 million.

Adjusted operating profit

Statutory operating profit increased from £42.6 million to £52.0 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 the transfer of internal ERP implementation costs, 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.

UK

UK revenues declined in 2009 by 11.8 per cent overall but declined by 7.3 per cent when the impact of the staged withdrawal from trade distribution is removed. Ongoing product sales declined 10.8 per cent whilst Services revenues increased by 2.2 per cent, driven by a 6.0 per cent growth in contractual services, offset by a reduction in Professional Services revenues linked to the downturn in spending on capital projects.

The decline in product sales resulted in an improved gross profit mix, with adjusted gross profit increasing from 14.0 per cent to 14.8 per cent. This is despite margin challenges on the start-up of certain new Managed Service contracts and the more difficult Professional Services market.

Adjusted operating expenses decreased by £22.0 million (13.3 per cent), reflecting the effects of the cost reduction programme which was initiated in 2008. The Selling, General and Administrative expenses (SG&A) cost reduction included the cost reduction from the partial exit from trade distribution, the reduction in the mid market product sales business and a reorganisation aimed at the simplification of the organisation structure including a reduction of the management layers. The cost reduction process was assisted by the recessionary environment which resulted in lower staff attrition, recruitment costs and lower travel and other costs, in total approximately. £2.0 million. Exceptional charges incurred to achieve these savings were £3.3 million in redundancy charges and £1.9 million of vacant property costs.

Germany

Revenue increased by 12.0 per cent to £930.7 million (2008: £830.7 million) whilst revenue in constant currency decreased by 0.1 per cent, however this included a revenue contribution of £12.1 million from the acquisition of becom Informationsysteme Gmbh ('becom'). Services revenues increased by 0.3 per cent and product revenues decreased by 0.3 per cent in constant currency.

Gross profit percentage for Germany as a whole decreased from 13.7 per cent to 13.4 per cent of sales, mainly due to an increasing proportion of sales of lower margin PCs within product revenue.

SG&A reduced by 5.9 per cent in constant currency mainly due to a tight focus on control of all variable SG&A costs. The net outcome of the above factors was an improvement in adjusted operating profit from £14.3 million to £19.6 million. Included within the adjusted operating profit is £0.3 million from becom since acquisition.

France

Revenue increased by 3.6 per cent to £319.4 million (2008: £308.2 million) whilst revenue in constant currency reduced by 7.6 per cent. Constant currency product revenue reduced by 10.8 per cent whilst service revenue increased by 10.2 per cent. Within this, Professional Services reduced by 15.8 per cent whilst Managed Services revenue increased by 27.9 per cent.

Gross profit decreased from 12.6 per cent to 11.7 per cent of revenues with the favourable mix effect of increased services revenues being more than offset by a reduction in margin due to the renewal of a major product contract.

Exceptional charges of £1.6 million were incurred to help reduce operating expenses, which declined by 11.6 per cent in constant currency although this is reported as a 0.8 per cent reduction when translated into Sterling.

The adjusted operating loss increased to £2.7 million (2008: £1.7 million), which is a better than expected performance in the year, taking account of the impact of the contract renewal with a large customer.

Benelux

Reported revenue reduced by 12.6 per cent to £26.2 million (2008: £30.0 million) whilst revenue in constant currency reduced by 22.1 per cent. In constant currency, product revenue reduced by 29.0 per cent whilst service revenue reduced by 8.7 per cent.

Exceptional costs of £0.2 million were incurred which helped to reduce SG&A by 7.5 per cent in constant currency.

The net result of the above was an increase in the operating loss to £0.8 million (2008: £0.1 million).

Acquisitions

On 26 November 2009, the Group acquired 100 per cent of the voting shares of becom for a consideration of €2.3 million inclusive of costs. The becom business is based in Germany and is a leading provider of large IBM systems. The acquisition of becom has resulted in goodwill arising of £12.1 million.

becom will be integrated fully with Computacenter Germany during 2010. As a result, it is expected that going forward the cash flows will not be reliably and separately identifiable and that the goodwill relating to this acquisition will be tested for impairment against the Computacenter Germany cash-generating unit.

On 27 November 2009 the Group acquired certain assets and liabilities of Thesaurus Computer Services Limited from Thesaurus Computer Services Limited and BDO LLP for a consideration of £0.9 million inclusive of costs. Thesaurus is a private company based in the UK which provides mainframe service solutions.

The assets of Thesaurus were acquired by and the business was immediately integrated within Computacenter UK. The goodwill arising on the acquisition of £1.5 million has been tested against the Computacenter UK cash generating unit.

Details of the acquisitions are shown in note 16 (Business Combinations) and note 14 which describes in more detail the impairment testing of goodwill and other intangible assets.

Disposals

On 27 November 2009 the Group disposed of CCD to Ingram Micro. The Group received consideration of £3.0 million in cash. After the disposal of goodwill of £1.0 million and disposal costs of £0.1 million, a profit of £1.9 million was realised.

The disposal does not represent a separate major line of business or geographical area of operations and hence is not treated as a discontinued operation.

Table 1
Group revenues £m

	Half 1	Half 2	Total
2007	1,160.3	1,218.8	2,379.1
2008	1,250.3	1,309.8	2,560.1
2009	1,222.2	1,281.0	2,503.2
2009/08	(2.2%)	(2.2%)	(2.2%)

Table 2
Adjusted profit before tax £m

	Half 1	%	Half 2	%	Total	%
2007	13.1	1.1%	29.6	2.4%	42.7	1.8%
2008	11.3	0.9%	31.8	2.4%	43.1	1.7%
2009	18.2	1.5%	36.0	2.8%	54.2	2.2%
2009/08	62.1%		13.2%		25.9%	

Table 3
Revenues by country £m

	2009		2008	
	Half 1	Half 2	Half 1	Half 2
UK	**624.9**	**602.0**	708.1	683.1
Germany	**433.3**	**497.4**	379.8	450.9
France	**151.1**	**168.3**	147.2	161.0
Benelux	**12.9**	**13.3**	15.2	14.8
Total	**1,222.2**	**1,281.0**	**1,250.3**	**1,309.8**

Exceptional items

Statutory operating profit is stated after charging exceptional items of £5.3 million, which consist of the profit on the sale of CCD in the UK (£1.9 million), redundancy costs of £5.3 million and provisions for empty property of £1.9 million, both related to restructuring activities across the Group.

Redundancy costs were principally incurred in the UK (£3.3 million) and France (£1.6 million). This action contributed to a reduction in net operating expenses of over £30 million across the Group (in constant currency).

Finance income and costs

Net finance costs on a statutory basis increased from £3.0 million in 2008 to £3.7 million in 2009. This takes account of finance costs on customer specific financing of £4.0 million (2008: £4.0 million). On an adjusted basis, prior to the interest on customer specific finance (CSF), net finance income reduced to £0.3 million from £1.0 million.

Taxation

Excluding the exceptional items, the adjusted effective tax rate was 22.6 per cent (2008 was 24.9 per cent). The improvement in 2009 is mainly attributable to the losses utilised on earnings in Germany.

Deferred tax assets of £11.4 million (2008: £13.5 million) have been recognised in respect of losses carried forward. In addition, at 31 December 2009, there were unused tax losses across the Group of £188.1 million (2008: £212.0 million) for which no deferred tax asset has been recognised. Of these losses, £111.1 million (2008: £138.8 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

Whilst statutory diluted earnings per share has grown by 2.9 per cent to 24.9 pence (2008: 24.2 pence), adjusted diluted earnings per share provides a more appropriate reflection of performance, increasing by 31.9 per cent from 21.0 pence in 2008 to 27.7 pence in 2009.

The earnings per share increase exceeds the profit growth mainly due to losses utilised on earnings in Germany and the reduced corporation tax rate in the UK from April 2008.

The Board has decided to pay an additional interim dividend of 8.0 pence per share, in lieu of a final dividend bringing the total dividend for the year to 11.0 pence (2008: 8.2 pence). This will be payable on 1 April 2010 to registered shareholders as at 19 March 2010.

Cash flow

The Group's trading net funds position takes account of factor financing, but excludes CSF. There is an adjusted cash flow statement provided in note 29 that restates the statutory cash flow to take account of this definition.

The net funds (excluding CSF) improved from £4.6 million to £86.4 million by the end of the year. The Group has a history of strong cash generation, however the increase in 2009 was exceptional due to a number of factors. Firstly the exit from CCD in the UK, partially in late 2008 and finally in late 2009, released an estimated £30.0 million working capital; secondly the Group benefited by an estimated £30.0 million from a temporary improvement in credit terms with a significant vendor; cash receipts from customers at the end of December 2009 were stronger than usually experienced; and finally, there was a benefit of £10.0 million due to early settlement on a customer contract that is financed by a customer-specific financing arrangement. The increase in the year is achieved after taking account of investment in the ERP system in the period of some £11 million.

Whilst the increase in net cash in the year is particularly strong, changes in future periods are more likely to be in line with the underlying earnings of the business, except if the improvement in credit terms with a significant vendor is reversed.

CSF reduced in the year from £89.2 million to £49.1 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 £37.3 million, compared to net debt of £84.6 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, which 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 25 of 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 occasionally 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 24 of the accounts.

Interest rate risk

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

Liquidity risk

The Group's policy is to ensure that it has sufficient funding and committed bank facilities in place to meet any foreseeable peak in borrowing requirements. The Group's net funds position improved substantially during 2009, and at the year-end was £86.4 million excluding customer-specific financing, and £37.3 million on a statutory basis.

At 31 December 2009, the Group had available £100.3 million (2008: £163.4 million) of uncommitted overdraft and factoring facilities. However, £8.9 million of these facilities will expire during March 2010 and will not be renewed as they are no longer required as the Group has access to a £60.0 million three-year committed facility established in May 2008, of which £42.9 million is not utilised at the balance sheet date. Customer-specific financing facilities are committed.

The Group manages its counterparty risk by placing cash on deposit across a panel of reputable banking institutions, with no more than £30.0 million deposited at any one time except for Government backed counterparties where the limit is £50.0 million.

Foreign currency risk

The Group operates primarily in the UK, Germany, France, and the 'Benelux' countries, using local borrowings to fund its operations outside of the UK, 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 Euro zone, 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 vast majority of sales and purchases are denominated in Sterling and any material trading exposures are eliminated through forward currency contracts.

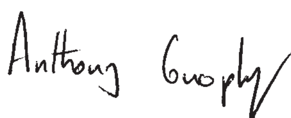
Credit risk

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
10 March 2010

Table 4
Adjusted operating profit by country £m

	2009			
	Half 1	**%**	**Half 2**	**%**
UK	**12.6**	**2.0%**	**25.2**	**4.2%**
Germany	**7.2**	**1.7%**	**12.4**	**2.5%**
France	**(1.4)**	**(1.0%)**	**(1.3)**	**(0.8%)**
Benelux	**(0.4)**	**(3.2%)**	**(0.4)**	**(3.4%)**
Total	**18.0**	**1.5%**	**35.9**	**2.8%**

	2008			
	Half 1	**%**	**Half 2**	**%**
UK	8.9	1.3%	20.2	3.0%
Germany	4.1	1.1%	10.1	2.2%
France	(1.9)	(1.3%)	0.8	(0.5%)
Benelux	(0.1)	(0.4%)	(0.0)	(0.2%)
Total	**11.0**	**0.9%**	**31.1**	**2.4%**

RISK MANAGEMENT

The Group undertakes a formal annual process, facilitated by the Risk Department, to identify and analyse the potential likelihood and impact that various identified risks pose to the Group's strategic goals. Once a risk has been identified and quantified, an associated mitigation strategy is developed. The agreed mitigation strategy is implemented by the nominated and most appropriate 'owner' of the risk and any associated programme of work is monitored by the Group's Internal Audit Department.

Throughout the year, any new risks of significance identified within the Group, are added to the Risk Log. The Group Risk Committee formally monitors the Risk Log and the overall effectiveness of the risk mitigation strategy, on a quarterly basis.

Primarily, the risks contained in the Risk Log are categorised according to the specific strategic objective potentially impacted and some of these principal risks and their mitigations, are highlighted within this report.

Strategic objectives

1. Accelerating the growth of our contractual services businesses.
2. Reducing cost through increased efficiency and industrialisation of our service operations.
3. Maximising the return on working capital and freeing working capital where not optimally used.
4. Growing our profit margin through increased services and high-end product sales.
5. Ensuring the successful implementation of the Group-wide ERP system.

Principal risks	Principal mitigations
Failure to identify opportunities to promote to customers the benefits of enhanced value added services, in addition to traditional services, results in lost opportunities.	Follow the restructured account planning and sales methodologies.
Failure to adapt service offerings that grow/enhance the business, leading to an inability to compete.	Continued investment in and utilisation of the services and solutions functions that focus upon enhancing service offerings.
Failure to compete effectively with the current off-shoring trend, resulting in lost opportunity.	Continued investment in a programme to expand Computacenter's current off-shoring facilities into non-European geographies.
Failure to deploy appropriate service automation tools to minimise the need for manual intervention, leading to the lack of optimised resource.	Continuation of our investment programme towards an industrialised tool suite and embedded targets into management pay plans.
Increasing demand for working capital tied-up in large longer term services contracts, which would prevent working capital from being deployed optimally.	Apply appropriate incentive structures, which also account for working capital elements.
Increasing demand for extended credit from large customers, which would increase demand for and reduce return on working capital and increase credit risk exposure.	Elevate extended credit requests to the Board for approval and apply appropriate incentive structures.
Failure to align operational and commercial processes with contractual requirements of complex or long-term services engagements, resulting in customer dissatisfaction and margin decline.	Apply the recently enhanced bid review processes and internal approval/authorisation matrices to ensure commercial and operational awareness and authorisation at the appropriate level.
Delays or overruns in complex projects (including transition and transformation activity in larger services contracts) leading to lower than expected margins.	In addition to the mitigation set out above, implement the governance processes during and after contract take-on.
Failure to materialise the expected benefits of the Group-wide ERP system, thereby threatening the anticipated return on investment.	Follow the robust internal governance structure at all relevant levels and ensure targets are embedded into senior management pay plans.
Ongoing business demands detract from appropriate focus on the ERP design process, resulting in either business interruption or ERP go-live delays.	Dedicate specific resource exclusively to the ERP project and continuously monitor business resource demands.

CORPORATE SUSTAINABLE DEVELOPMENT (CSD)

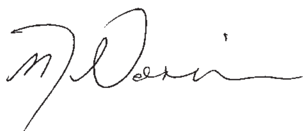
"Computacenter recognises that its people and the societies and environment within which we operate are integral contributors to delivering value and supporting our key strategic aspirations."

Computacenter recognises that its 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.

In 2007, the Group committed itself 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. Additionally, the Group retains its membership to the FTSE4Good Index Series.

Integral to this 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. We support public accountability and will publish, as part of our annual Business Review, a Report and Progress.

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.



Mike Norris
Chief Executive Officer

Human rights

1. Support and respect the internationally proclaimed human rights

Human rights
2009 objective and achievement

- Deliver human rights protection policies to new starters.
- ✓ All human rights related policies across the Group have been reviewed and made available to new starters through an employee handbook, or the intranet. Anti-discrimination training in Germany is 100 per cent complete.

2010 objective

- Maintain human rights awareness through the Company's principles of employee behaviour.

Health and safety
2009 objective and achievements

- Maintain the Accident Incident Rate (AIR) at below 2.5 and the Accident Frequency rate (AFR) at below 1.0.
- ✓ In the UK, the average AIR improved to 0.69 (2008: 1.13) and the average AFR improved to 0.39 (2008: 0.64).
- ✓ In Germany, the average AIR improved to 1.44 (2008: 2.30) and the average AFR improved to 0.80 (2008: 1.28).
- ✓ In France, the average AIR improved to 1.30 (2008: 2.49) and the average AFR improved to 0.76 (2008: 1.38).

2010 objective

- Maintain the AIR and the AFR at 2009 levels and retain BS OHSAS 18001 and UVDB certifications.

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

Health and safety Group average AIR

Year	AIR
2007	2.27
2008	1.97
2009	1.14

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

2009 objective and achievements

- Ensure all new suppliers and partners ('vendors') complete the CSD conformance questionnaire and motivate their commitment levels, through a risk based approach.
- ✓ All key vendors are required to complete the questionnaire before inclusion in the vendor portfolio. Non-key vendors complete the questionnaire as soon as reasonable, after inclusion in the vendor portfolio.
- ✓ Vendors are challenged where low conformance is disclosed and all vendors are encouraged to report improvements to their conformance status.

2010 objectives

- Amend the questionnaire to incorporate requirements of the Anti-Bribery Bill and to include questions on diversity.
- Ask all key vendors to complete the revised questionnaire.

Overview

Business review

Governance

Financial statements

The CRC Energy Efficiency Scheme (CRC) is a mandatory emissions trading scheme that aims to improve energy efficiency and reduce CO_2 emissions in the UK. Around 20,000 large private and public sector organisations are expected to be involved in CRC, which additionally imposes material penalties and reputational threats, when not adhered to. Taking a more proactive approach to energy consumption and carbon management will be essential if organisations are to comply with new regulations that come into force in April 2010, but also provide significant scope for savings.

Stephen Benadé, Company Secretary and Head of CSD at IT Solutions and Services provider Computacenter, comments, “Outside of the regulatory requirements, there are significant benefits to be gained from IT related carbon emission reductions, which customers tend to overlook in the belief that energy consumption reduction opportunities are very limited when it comes to IT.”

The Greater London Authority (GLA) is a prime example of how a proactive approach to IT carbon emissions, can help deliver both environmental and financial returns.

As part of the GLA’s study, Computacenter participated in reviewing the energy consumption of the GLA’s 700-plus desktops, 180 servers, printers, laptops and monitors and as a consequence, GLA was able to review its position and initiate beneficial changes.

As Keith Beddard, Technical Architect at the GLA, explains, “The study revealed that our servers were the biggest consumer of energy compared to other IT devices. By adopting a virtualisation strategy, we have reduced our server estate from 180 to 80 devices. This has enabled us to reduce our IT carbon emissions by around 70t CO_2 a year.”

"Outside of the regulatory requirements, there are significant benefits to be gained from IT related carbon emission reductions, which customers tend to overlook in the belief that energy consumption reduction opportunities are very limited when it comes to IT."

Labour standards
3. Uphold employees' freedom of association

2009 objective and achievements
- Ensure all new vendors complete the questionnaire and motivate their commitment levels, through a risk based approach.

✓ All key vendors are required to complete the questionnaire before inclusion in the vendor portfolio. Non-key vendors are required to complete the questionnaire as soon as reasonable, after inclusion in the vendor portfolio.

✓ Vendors are challenged where lower conformance is disclosed and all vendors are encouraged to report improvements to their conformance status.

✓ Across the Group, active employee participation is encouraged through elected employee representative forums.

2010 objective
- Maintain current status and re-assess vendor conformance, through the completion of the revised questionnaire.

4. Eliminate all forms of forced and compulsory labour

2009 objective and achievements
- Ensure all vendors complete the questionnaire and motivate their commitment levels, through a risk-based approach.

✓ All key vendors are required to complete the questionnaire before inclusion in the vendor portfolio. Non-key vendors complete the questionnaire as soon as reasonable, after inclusion in the vendor portfolio.

✓ All employees of the Group are employed via a formal agreement, which conforms to the applicable labour laws and wage rate stipulations within the various countries and details the procedures in exercising the right to terminate.

2010 objective
- Maintain current status and re-assess vendor conformance, through the completion of the revised questionnaire.

5. Abolish all forms of child labour

2009 objective and achievements
- Ensure all new vendors complete the CSD conformance questionnaire and motivate their commitment levels, through a risk based approach.

✓ All key vendors are required to complete the questionnaire before inclusion in the vendor portfolio. Non-key vendors complete the questionnaire as soon as reasonable, after inclusion in the vendor portfolio.

✓ Minimum age requirements apply across the Group and specific procedures are in place for work experience placements.

✓ The Group believes that education is most effective in eradicating child labour practices, Computacenter France continues to support Aide et Action, Computacenter UK sources helpdesk staff from the Hatfield student community and due to the 'Exploras' work experience programme, Germany has been granted an award, by the Handelsblatt Junge Karriere, for the fair treatment of students, and has been listed by the CRF Institut, as a top provider of career opportunities to the young. In South Africa, a formal accredited programme has been launched, aimed at the education of helpdesk technicians, from disadvantaged communities.

2010 objectives
- 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.
- Re-assess vendor conformance, through the completion of the revised questionnaire.

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

2009 objectives and achievements
- Ensure all new vendors complete the CSD conformance questionnaire and motivate their commitment levels, through a risk based approach.
- By 2011, to address areas for improvement as noted by the Investors in People assessors.
- Introduce and establish the Benefits@Computacenter family service programme.

✓ All key vendors are required to complete the CSD questionnaire prior to being added to the vendor portfolio and non-key vendors are required to complete the CSD questionnaire as soon as reasonable, after being added to the vendor portfolio.

✓ Progress in addressing the improvements as noted by the Investors in People assessors on track for completion in 2011, aided by the certification of the HR Service Centre in the UK, to the ISO 9001 quality standard.

✓ Benefits@Computacenter has been enhanced and further benefit options have been added.

2010 objectives
- Re-assess vendor conformance through a follow-up circulation of the revised CSD questionnaire.
- Progress the Investors in People improvement plan.

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

2009 objective and achievements

Electricity consumption at Group head office (million kWh)

Year	Consumption
2007	2.48
2008	2.44
2009	2.16

- Complete the Group-wide carbon footprint measurement project and assess suitable energy abatement possibilities.

✓ Group-wide carbon footprint baseline measurement completed and data disclosed to the Carbon Disclosure Project. In the UK, the data is compliant to the pending CRC Energy Efficiency Scheme requirements.

✓ A variety of energy reduction initiatives were launched during 2009 and at the Group's head office consumption reduced by approximately 1,500,000 kWh, from 2008, representing an average reduction of 11 per cent.

✓ The average CO_2 emitted per UK fleet vehicle reduced from 175 g/km in 2008, to 168 g/km in 2009, whilst the total time during which international audio-visual facilities were used, increased by 80 per cent from last year.

✓ In 2009, the Group's subsidiary, RDC, was awarded the Queen's Award for Enterprise for Sustainable Development.

2010 objectives
- Complete a Carbon Trust accredited energy audit at the Group's head-office and investigate the viability of further energy reduction strategies.
- Achieve bronze status to the Mayor of London's Green Procurement Code.
- Develop an Environment Management System in France, to which ISO 14001 certification could be achieved in the future.

8. Undertake initiatives to promote greater involvement in the community

2009 objective and achievements
- Track staff participation in volunteering initiatives.

✓ Employees across the Group are encouraged to report their private volunteering initiatives.

✓ Support to the locally based charity, Willows Foundation, and the Hertfordshire Fire and Rescue dog continued.

✓ Employees in the UK raised a total of £125,800 for the chosen charities, of which, in excess of £40,000, was raised by the efforts of employees from the UK and South Africa, who participated in the building of a school in rural South Africa.

2010 objective
- Maintain the current level of charity fund raising activity.

9. Encourage the development of environmentally friendly technologies

2009 objective and achievements
- Continue to promote the initiatives of the Green IT Advisory Service.

✓ The Green IT Advisory Service continues to be updated with new technologies and information to customers.

✓ The Group has significantly expanded the availability of datacentre facilities, in order to provide customers with an offering which would reduce cost and their carbon exposure.

2010 objective
- Actively market the datacentre solutions.

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

2009 objectives and achievements
- Continue to track and investigate all reported instances of 'whistle-blowing'.
- Ensure all new vendors complete the CSD conformance questionnaire and motivate their commitment levels, through a risk based approach.

✓ All reported and detected instances of suspected misconduct are investigated and reported to the Group Audit Committee.

✓ All key vendors are required to complete the questionnaire before inclusion in the vendor portfolio. Non-key vendors complete the questionnaire as soon as reasonable, after inclusion in the vendor portfolio.

2010 objectives
- Review the Anti-Bribery Bill requirements and revise the Business Ethics policies across the Group.
- Re-assess vendor conformance, through the completion of the revised questionnaire.

Stephen Benadé

Stephen Benadé
Company Secretary
10 March 2010

"We strive to incorporate the UNGC and its principles into our strategy, culture and day-to-day operations."

BOARD OF DIRECTORS

Greg Lock
Chairman
Greg is the Chairman of Kofax plc and a Non-Executive Director of United Business Media and private technology companies, Liberata and Target Group. He has more than 38 years' experience in the software and computer services industry, including four years as Chairman of SurfControl plc and, from 1998 to 2000, as General Manager of IBM's Global Industrial sector. Greg also served as a member of IBM's Worldwide Management Council and as a governor of the IBM Academy of Technology. Age 62.

Mike Norris
Chief Executive
Mike graduated with a degree in computer science and mathematics from East Anglia University in 1983. He joined Computacenter in 1984 as a salesman in the City office. In 1986 he was Computacenter's top national account manager. Following appointments as Regional Manager for London operations in 1988 and General Manager of the Systems Division in 1992, with full national sales and marketing responsibilities, he became Chief Executive in December 1994 with responsibility for all day-to-day activities and reporting channels across Computacenter. Age 48.

Tony Conophy
Finance Director
Tony has been a member of the Institute of Chartered Management Accountants since 1982. He qualified with Semperit (Ireland) Ltd and then worked for five years at Cape Industries plc. He joined Computacenter in 1987 as Financial Controller, rising in 1991 to General Manager of Finance. In 1996 he was appointed Finance and Commercial Director of Computacenter (UK) Limited with responsibility for all financial, purchasing and vendor relations activities. In March 1998 he was appointed Group Finance Director. Age 52.

Peter Ogden
Non-Executive
Peter founded Computacenter with Philip Hulme in 1981 and was Chairman of the Company until 1998, when he became a Non-Executive Director. He is Chairman of Dealogic (Holdings) plc and prior to founding Computacenter, he was a Managing Director of Morgan Stanley and Co. Age 62.

John Ormerod
Non-Executive
John is the Senior Independent Director and Audit Committee Chairman of Misys plc, a Non-Executive Director and Chairman of the Audit Committee of Gemalto NV, and ITV Plc and, during 2009, he was appointed a Non-Executive Director of Tribal Group plc where he is also Deputy Chairman. John has held senior positions with Arthur Andersen and with Deloitte, where he was a member of the UK Executive Committee and elected Board. He is also a Director of a number of private companies. Age 61.

Philip Hulme
Non-Executive
Philip founded Computacenter with Peter Ogden in 1981 and worked for the Company on a full-time basis until stepping down as Executive Chairman in 2001. He is a Director of Dealogic (Holdings) plc and was previously a Vice President and Director of the Boston Consulting Group. Age 61.

Ian Lewis
Non-Executive
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 49.

Cliff Preddy
Non-Executive
Cliff has worked in the IT industry for most of his professional career, including many years as an Executive Director of Logica plc. He is currently Chairman of Charteris plc and was a Non-Executive Director of CODASciSys plc from 1997 until 2006, including six years as Chairman. Age 62.

CORPORATE GOVERNANCE STATEMENT

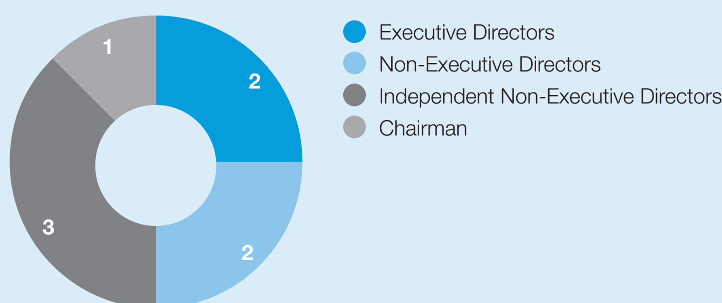
Compliance statement

The Board remains committed to the principles of good corporate governance and supports the best practice guidelines contained within the FRC Combined Code on Corporate Governance ('the Code') as published in June 2008, which can be found on the FRC's website (www.frc.org.uk/corporate/combinedcode.cfm). This statement explains the Company's governance policies and practices and sets out how the principles of the Code have been applied for the year ended 31 December 2009 ('the year'). The Board confirms that, save as detailed below, the Company has complied with section one of the Code, throughout the financial year.

Board of Directors

Composition

At the year-end the Board consisted of Greg Lock (Chairman); two Executive Directors, Mike Norris and Tony Conophy; and five Non-Executive Directors: Philip Hulme, Ian Lewis, Peter Ogden, John Ormerod and Cliff Preddy. There were no changes to the Board during the year. Cliff Preddy is due to retire by rotation at the forthcoming Annual General Meeting of the Company and has confirmed he will not be standing for re-election. The Nominations Committee have commenced a search for a new Non-Executive Director and further information can be found in the Nominations Committee section, below. Details of the current Directors, including their membership of Committees, are set out below and their biographies, which include details of their other significant commitments, appear on page 28. The Board consider that Greg Lock was independent on appointment and that Ian Lewis, John Ormerod and Cliff Preddy are also independent under the provisions of the Code. Cliff Preddy is currently the Senior Independent Director.



On 23 March 2009, the Company moved from the FTSE SmallCap sector to the FTSE 250 and, until this date, the Company was compliant with provision A.3.2, which states that a FTSE SmallCap Company must have at least two independent Non-Executive Directors. However, under this provision a FTSE 250 company is subject to different requirements and at least half of the Board, excluding the Chairman, must consist of independent Non-Executive Directors. The Company was not compliant with this provision and during the year, the Nominations Committee considered the size and structure of the Board, including the required skills and agreed that the present size and composition of the Board remained appropriate, for the requirements of the Company and its shareholders. The Nominations Committee will consider the issue again in 2010.

Name	PLC Board	Independent	Audit Committee	Remuneration Committee	Nominations Committee
Greg Lock	Chairman	On appointment	No	Yes	Chairman
Mike Norris	Executive	No	No	No	No
Tony Conophy	Executive	No	No	No	No
Philip Hulme	Non-Executive	No	No	No	No
Ian Lewis	Non-Executive	Yes	Yes	Yes	Yes
Peter Ogden	Non-Executive	No	No	No	No
John Ormerod	Non-Executive	Yes	Chairman	Yes	Yes
Cliff Preddy	Senior Independent Director	Yes	Yes	Chairman	Yes
Stephen Benade	Secretary	Not Applicable	Secretary	Secretary	Secretary

Roles and responsibilities of the Board

The Board has responsibility for the overall management and performance of the Group; it sets the Company's strategic aims, ensuring that sufficient resources are in place to meet these objectives. The Board reviews the performance of senior management in order to ensure that they are meeting the agreed objectives. The Directors set appropriate values and standards, ensuring that obligations to shareholders and other stakeholders are understood and met and that a satisfactory dialogue with shareholders is maintained. A framework of prudent and effective controls exists to ensure that risks are properly identified, assessed and managed.

The roles of Chairman and Chief Executive are separate and their responsibilities are clearly defined in writing, reviewed and approved annually by the Board. In summary, the Chairman's role is to lead and manage the Board. The Chairman facilitates the contribution of all Directors and is responsible for ensuring constructive relations between them. The Chief Executive is responsible for the day-to-day management of the Group's activities and execution of the strategy approved by the Board. There is no individual or group of individuals who dominate the Board's decision making processes. The Board believes that it oversees the Group effectively and is proactive in its approach.

There is a documented schedule of matters which is reserved for the Board and these matters include the approval of major capital expenditure and the agreement of strategies and budgets. This schedule is reviewed annually and updated by the Board.

Board effectiveness

Upon joining the Board, all Directors receive a comprehensive induction programme, tailored to their requirements. 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 of Directors' duties and responsibilities. As part of the induction programme, all new Directors meet with senior management and meetings are arranged with major shareholders.

All Directors receive appropriate documentation in advance of each Board and Committee meeting, including detailed briefings on all matters where the Board is required to reach a decision, as well as regular reports on the performance of the Group. Senior management frequently present to the Board on the results and strategies of their respective business units, thus ensuring the Board remain familiar with key elements of the business and the management of the Group.

The Board is subject to an annual performance review, which is led by the Chairman and covers the effectiveness of the Board as a whole, its individual Directors and its Committees. The performance review takes into account a wide range of factors, including strategic and operational matters, corporate governance, risk management and shareholder advocacy. Each Director is required to complete a questionnaire, followed by one-to-one meetings with the Chairman. The information from the questionnaires and interviews is compiled into a report and presented to the Board. The performance of the Chairman is assessed by the Non-Executive Directors, led by the Senior Independent Director. All Directors provide feedback on the performance of the Chairman.

Board support

The Group 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 Directors to obtain independent professional advice, at the Company's expense, where they believe it is important to the furtherance of their duties. No such advice was sought by any Director during the year.

Board meetings

The attendance of the Directors at scheduled Board and Committee meetings held during 2009 is detailed below. The Board convenes at least eight scheduled meetings per year, as well as a full day strategy review, with at least one meeting each year at the location of an overseas business.

Director	Board Meetings	Audit Committee	Remuneration Committee	Nominations Committee
Number of scheduled meetings held	9	5	4	2
Executive				
Mike Norris, Chief Executive	9	n/a	n/a	n/a
Tony Conophy, Finance Director	9	n/a	n/a	n/a
Non-Executive				
Greg Lock, Chairman	9	n/a	4	2
Philip Hulme	9	n/a	n/a	n/a
Ian Lewis	9	5	4	2
Peter Ogden	8	n/a	n/a	n/a
John Ormerod	9	5	4	2
Cliff Preddy, Senior Independent Director	9	5	4	2

Unscheduled Board meetings are required to conclude matters considered at a previous meeting, or to address an imperative issue, or to consider the contents of disclosures. Three such meetings were convened during 2009 and Peter Ogden attended one such meeting, Philip Hulme was unable to attend any of the meetings and the remainder of the Board were present at all meetings. It is inevitable that there will be occasions when circumstances arise to prevent Directors from attending meetings. In such circumstances, the absent Director will review the Board papers and raise any considerations on specific issues with the Chairman.

In addition to the formal Board and Committee meetings, the Chairman meets with the Non-Executive Directors, individually and as a group, without the other Executive Directors being present, at least once a year.

Directors

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

All Directors are subject to election at the first Annual General Meeting after appointment and are required to retire by rotation, at least every three years. Those Non-Executive Directors who have served for more than nine years are obliged to offer themselves for re-election annually. One third of the Board is required to retire at each Annual General Meeting.

Board Committees

The Board has delegated certain governance responsibilities to three principal Board Committees; Audit Committee, Remuneration Committee and Nominations 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 and main responsibilities of the Committees are detailed below:

Audit Committee

Throughout 2009, the Audit Committee consisted of three independent Non-Executive Directors; John Ormerod (Chairman), Ian Lewis and Cliff Preddy. During the year, the Committee met on five occasions and attendance at those meetings is set out in the table below:

Audit Committee members	Role	Attendance record
John Ormerod (Chairman)	Non-Executive Director	5/5
Ian Lewis	Non-Executive Director	5/5
Cliff Preddy	Senior Independent Director	5/5

The Chairman, Group Finance Director, Group Internal Audit Manager, Group Risk Manager, Group Financial Controller and the external auditor are routinely invited to, and attend, the majority of meetings. Periodically, the Committee also meets privately with the external auditors and the Group Internal Audit Manager. The Board believes that the members of the Committee have sufficient skills, qualifications and experience to enable the Committee to discharge its duties, in accordance with the Terms of Reference. The Board is satisfied that at least one member of the Committee has relevant and recent financial experience. The Terms of Reference for the Committee are reviewed annually to ensure that they are in line with current best practice.

The Committee's key duties include, to:

- consider the reappointment of the external auditors, including the rotation of the audit partner, each year and also assess their independence. As a safeguard to help avoid the objectivity and independence of the external auditors becoming compromised, the Committee has approved a formal policy governing the engagement of the external auditors to provide non-audit services. This policy precludes them from providing certain services and permits other limited services which are subject to low fee thresholds or which require prior approval in accordance with a pre-agreed authority matrix;
- review the effectiveness of the external audit process. This includes considering the scope and cost effectiveness of the audit and the procedures implemented to maintain the independence and objectivity of the auditors;
- review and receive reports from management and the auditors on the Group's annual and interim financial statements and to review any other published financial information. This includes consideration of the Group's accounting policies and compliance with legislative and regulatory requirements;
- receive reports on the Groups' systems of internal control and risk management, from the Group's management, the Group Risk Manager, internal audit and external auditors, and to review and report to the Board on their effectiveness;
- evaluate and monitor the effectiveness of the internal audit function;
- review the Company's business ethics policy and to ensure procedures are in place for an appropriate investigation, following any concerns or potential breaches that may be raised by staff; and
- evaluate the effectiveness of the Committee, including its performance and constitution.

Nominations Committee

In compliance with the Code, the majority of the Committee is made up of independent Non-Executive Directors. The Committee convened twice during 2009 and the members' attendance at those meetings is set out below:

Nominations Committee members	Role	Attendance record
Greg Lock (Chairman)	Chairman	2/2
Ian Lewis	Non-Executive Director	2/2
John Ormerod	Non-Executive Director	2/2
Cliff Preddy	Senior Independent Director	2/2

The Committee is responsible for reviewing the Board's composition, skills, knowledge and experience, and nominating candidates for both Executive and Non-Executive Directorships on the basis of merit and objective criteria. It also ensures that the procedures for the appointment of new Directors are formal, rigorous and transparent and that there is an orderly succession for appointments to the Board and senior management.

Cliff Preddy is due to retire by rotation at the forthcoming Annual General Meeting and has confirmed he will not be standing for re-election. The Nominations Committee is leading the search for a new Non-Executive Director and the Committee has appointed an external agency, to identify candidates against set criteria, as prepared by the Nominations Committee.

Board Committees continued

Remuneration Committee

In line with the Code, the majority of the members of this Committee are independent Non-Executive Directors. Generally the Chief Executive attends parts of the Committee meetings by invitation. The Committee convened on four occasions during the year and the attendance of the members is set out below:

Remuneration Committee members	Role	Attendance record
Cliff Preddy (Chairman)	Senior Independent Director	4/4
Ian Lewis	Non-Executive Director	4/4
John Ormerod	Non-Executive Director	4/4
Greg Lock	Chairman	4/4

The Committee is responsible for the Group's policy on executive remuneration and decides on the specific packages of the Executive Directors and senior management. Further information on the Remuneration Committee and its activities can be found in the Directors' Remuneration Report on pages 34 to 39.

Directors' remuneration

The principles and details of Directors' remuneration are contained in the Remuneration Report on pages 34 to 39.

Relations with shareholders

The Board appreciates the importance of maintaining regular communication with its shareholders and the Group has an established programme of communication based on the Group's financial reporting calendar. In addition to this programme, the Executive Directors have regular contact with institutional shareholders. The Board receive regular reports on the meetings with, and other feedback from, the Company's major shareholders, in order to ensure that they have a comprehensive understanding of their views. Cliff Preddy, as Senior Independent Director, is available to address any shareholder queries that are unable to be resolved through regular channels.

All of the Directors attend the Annual General Meeting and are available to answer any questions that shareholders may have. In addition to mandatory information, a full and balanced explanation of the business of all general meetings is sent in advance to shareholders. The Board welcomes the attendance of individual shareholders at general meetings and the opportunity to communicate directly with investors and to address their questions. 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 these are prudent and robust and 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 material weaknesses have been identified, safeguards are implemented and monitored.

All systems of internal control are designed to continuously identify, evaluate and manage significant risks faced by the Group. 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 regular basis to discuss the day-to-day operational matters. Separate Executive Committees have been established for each of the Group's operations in the UK, France and Germany. A flat reporting structure is maintained across the Group, with clearly defined responsibilities for operational and financial management.

Control environment

The Group operates 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.

Internal controls continued

Management and specialists within the Finance Department are responsible for ensuring the appropriate maintenance of financial records and processes that ensure all 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 the approval of the Audit Committee.

Risk management

Specialists within the Risk and Insurance Department monitor developments and oversee compliance with legislative and regulatory requirements, including consideration of the Turnbull Guidance. A comprehensive risk management programme is developed and monitored by the Risk Committee, the members of which include senior operational managers, the Group Risk Manager and the Group Internal Audit Manager. Further information on the Company's risks can be found within the Risk Report on page 22. 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.

Centralised treasury function

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 annual 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. 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.

Internal audit

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

The Board, acting through the Audit Committee, has directed the work of Internal Audit 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. 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 on page 42.

By order of the Board

Stephen Benadé
Company Secretary
10 March 2010

DIRECTORS' REMUNERATION REPORT

This report has been prepared by the Remuneration Committee ('the Committee') and approved by the Board. In preparing this report and establishing its policy the Board has given full consideration to, and follows the provisions of, the Combined Code, the Companies Act 2006 and the relevant parts of the Listing Rules of the UK Listing Authority. Parts of this report have been audited by the Company's auditors Ernst & Young LLP, in accordance with the requirements of the Companies Act 2006. The audited sections are identified within the report. A resolution to approve this report will be proposed at the forthcoming Annual General Meeting of the Company.

Remuneration Committee and advisors

All of the independent Non-Executive Directors and the Chairman of the Board were members of the Committee throughout 2009, and the attendance of Cliff Preddy (Chairman), Ian Lewis, Greg Lock and John Ormerod at Committee meetings can be found in the Corporate Governance statement on page 30. Mike Norris generally attends parts of the Committee meetings by invitation. The Committee's terms of reference are available for public inspection, either on the Company's website (www.computacenter.com/investors) or by request from the Company Secretary. During the year, the Remuneration Committee received external advice from Deloitte & Touche LLP. In addition, Directors and employees of the Group, who provided material advice or services to the Committee during the year were Mike Norris (CEO), Stephen Benadé (Company Secretary) and Barry Hoffman (HR Director).

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

Remuneration policy

The Committee reviews and determines, on behalf of the Board, the overall remuneration policy of the Executive Directors, Chairman and with advice from the Chief Executive Officer, the senior executives. No individual is involved in deciding his own remuneration. The Executive Directors make recommendations for approval by the Board concerning the fees for Non-Executive Directors that reflect the time, commitment and responsibilities of their roles.

The Company's remuneration policy is designed to reward Executive Directors with remuneration arrangements that are competitive, but not excessive and which further 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 share incentive schemes.

Remuneration

The main elements of Executive Directors' Remuneration for 2009 are shown below, with the 2010 elements detailed on page 35.

	Fixed	**Performance based**		
Element	Basic salary	Bonus		Performance Share Plan
Maximum award:		CEO: 100% of base salary	Finance Director: 75% of base salary	100% of base salary
Purpose:	Reflects competitive salary levels and takes account of personal contribution and performance.	Rewards the delivery of Group operational performance and achievement of personal objectives.		Improved motivation for senior executives to contribute to growth and profitability and better align the Company's incentive arrangements with shareholders' interests.
Performance standard:	Individual contribution.	75% of the maximum bonus potential based on achievement of specific Group annual financial performance targets, with the balance based on personal objectives approved by the Remuneration Committee each year. For the personal objective component to be payable, Group budgeted profit must be achieved.		EPS growth, relative to RPI.

Basic salary and benefits

Each Director's salary is reviewed annually, in order to ensure that the basic salary and benefits remain appropriate. During the review, the Committee considers various factors including performance and relevant market practices on pay, as well as conditions affecting the Group generally. For 2009, the Board as a whole agreed that no Director would receive a base salary increase during the year. The Remuneration Committee have, for the third consecutive year, agreed that no Executive Director will receive a base salary increase during 2010 however, amendments have been made to the structure of the bonus scheme, as detailed below.

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 (My Benefits).

Performance-related bonus scheme

The Executive Directors participate in an annual performance-related bonus scheme and in 2009, for the role of CEO, this had a maximum threshold of 100 per cent of base salary. For the role of Finance Director, the maximum threshold was 75 per cent of base salary. The level of bonus payable is dependent on the achievement of Group financial performance targets and specific personal objectives. Regarding the award for 2009, up to 75 per cent of the maximum bonus potential was linked to the financial performance of the Group against pre-agreed targets. The balance (25 per cent) of the maximum bonus potential was related to the achievement of specific personal objectives agreed with each Director, for the year, by the Chairman or Chief Executive, as appropriate, and approved by the Committee. In order for the personal objective element of the bonus to be achieved, the Group budgeted profit target had to have been reached. For 2009, Mike Norris earned £413,250 (2008: £124,688), representing 87 per cent of the maximum and Tony Conophy earned £189,000 (2008: £78,750), representing 84 per cent of the maximum.

The Remuneration Committee have reviewed the bonus arrangements for 2010 and have recommended some changes to the bonus structure. For 2010, 80 per cent of the Executive Directors' bonuses will be linked to the financial performance of the Group against pre-agreed targets, with 20 per cent of the bonus being dependent on the achievement of specific personal objectives. In addition, from 2010, it will be possible to exceed the maximum bonus potential, subject to an overachievement on the PBT element of the bonus targets, up to an absolute maximum bonus potential of 115 per cent of base salary for the role of CEO and 86.25 per cent for the role of Finance Director.

Pension

The Executive Directors participate in the Computacenter Pension Scheme, a defined contribution salary sacrifice scheme, under which a maximum annual Company contribution of £5,400 per employee is payable, based on basic salary. The scheme also allows employees to make additional salary sacrifices, which the Company may contribute to the scheme, on their behalf.

Share incentive schemes

Share incentive schemes 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 options on page 38.

Performance Share Plan – annual awards

The Performance Share Plan 2005 (PSP) is the Company's primary long-term incentive scheme for Executive Directors and senior employees. The Committee approves grants under this scheme, once a year, although further grants may be made in appropriate circumstances.

At the 2009 Annual General Meeting, the maximum value of shares that may be awarded under the plan to an employee in a financial year, was increased from one to two times base salary, which can be exceeded in exceptional circumstances to a maximum of three times base salary. For 2010, the Committee agreed that awards made to the Executive Directors would be in the range of 0.75 to one times base salary.

Annual awards under this plan are subject to performance conditions, as detailed below:

For 2009, the PSP performance target was based on the Group's annual adjusted earning per share (EPS) growth in relation to the retail price index (RPI) and measured over a three-year period. This arrangement applies throughout the Group, except in France, where a two-year measurement period applies, with a further condition that the shares are held for an additional two-year holding period, in order to gain favourable tax treatment. No shares subject to awards will vest if cumulative annual growth is less than RPI plus 3 per cent. One quarter of the shares will vest at RPI plus 3 per cent. 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 EPS growth over the period is between 3 per cent and 7.5 per cent above RPI, awards will vest on a straight line basis between those limits. There will be no retesting of the performance target.

EPS has 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.

The Committee has reviewed the performance criteria to ensure that these remain sufficiently challenging in light of market expectations and in comparison to market practice. It has been agreed that the performance conditions for the annual grant made in 2010, will remain the same.

Share incentive schemes continued

Performance Share Plan – special awards

During 2008, the Committee reviewed the level of long-term incentivisation and, after shareholder consultation, approved an additional grant for 2009 only, which was made to six senior executives, including the Executive Directors.

This one-off award is subject to significantly more challenging performance conditions, than the annual grant and was designed not only to incentivise but to provide an aspirational target. The performance condition attached to this award is based on the Group's profit before tax, for the year ended 31 December 2011. If in 2011, profit before tax reaches £90 million, 25 per cent of the award will vest and, 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.

Share options

The Company also operates the Computacenter Employee Share Option Scheme 2007 ('the scheme'). As the PSP is the primary long-term incentive scheme, the Committee intends that the scheme be used only in limited circumstances. No grants were made to employees or Directors, under this scheme, during 2009. The Executive Directors have historically been awarded share options under the Company's previous share option schemes and details of these grants can be found in the table of Directors' interests in share options on page 38.

The maximum number of options that can be awarded under the scheme will remain three times base salary, although this can be exceeded in exceptional circumstances. Where grants are made to Executive Directors, it is current policy to grant a maximum of 1.25 times base salary.

Should grants be made under the scheme in 2010, any applicable performance conditions will be subject to review by the Committee, taking account of prevailing market conditions, Group plans and objectives.

Dilution limits

The Company uses a mixture of both new issue and market purchase shares to satisfy awards under the option, PSP and SAYE schemes. In line with best practice, the use of new issue or treasury shares to satisfy awards made under all share schemes, is restricted to 10 per cent in any 10-year rolling period, with a further restriction for discretionary schemes of 5 per cent in the same period. As at the year-end, the potential dilution from awards under all share plans was approximately 5.15 per cent and the potential dilution from awards under the discretionary schemes was approximately 2.18 per cent.

Directors' contracts

Director	Contract/letter of appointment start date	Expiry date	Unexpired term (months)* as at 10 March 2010	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	01.07.2008	2011 AGM	14	3
Philip Hulme	05.05.2009	2012 AGM	26	3
Ian Lewis	15.06.2009	2012 AGM	26	3
Peter Ogden	05.05.2009	2012 AGM	26	3
John Ormerod	31.10.2009	2012 AGM	26	3
Cliff Preddy	16.05.2008	2011 AGM	14	3

* Calculated as at 10 March 2010, assuming that future Annual General Meetings will be held in May each year, and further assuming re-election where required to retire at earlier Annual General Meetings in accordance with the Company's Articles of Association.

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 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 and may be renewed at that point for a further three-year term.

All Directors must offer themselves for re-election by shareholders, in general meeting, at least every three years, in accordance with the Company's Articles of Association.

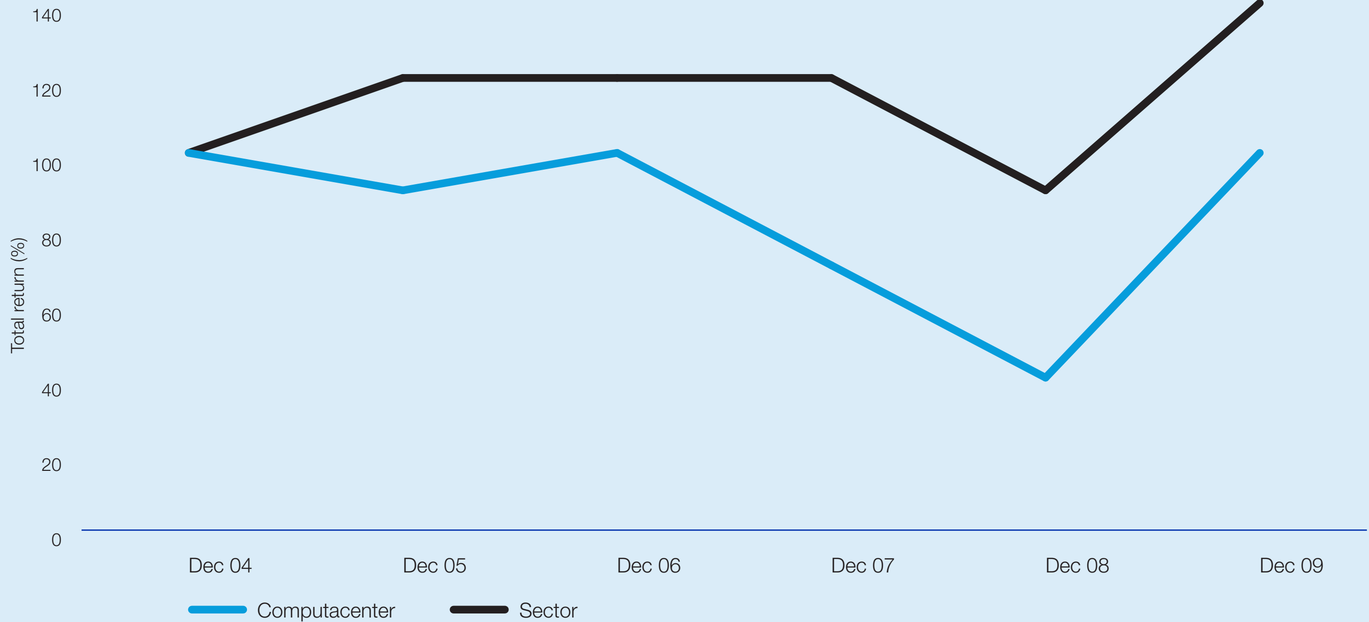
Performance graph

Computacenter's shares are quoted on the London Stock Exchange and the 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



Audited information

The Directors' remuneration and Directors' interests in share incentive schemes detailed in the tables below, and their associated notes, are subject to audit.

Directors' remuneration

	Basic salary and fees £	Performance related bonuses £	Other £	**Total 2009 £**	Total 2008 £
Executive Directors					
Mike Norris	475,000	413,250	–	**888,250**	599,688
Tony Conophy	314,800	189,000	–	**503,800**	393,411
Non–Executive Directors					
Greg Lock[1]	140,000	–	–	**140,000**	70,000
Ron Sandler[2]	–	–	–	**–**	15,538
Philip Hulme[3]	34,000	–	–	**34,000**	27,200
Ian Lewis[4]	38,583	–	–	**38,583**	34,000
Peter Ogden	34,000	–	–	**34,000**	34,000
John Ormerod[5]	47,000	–	–	**47,000**	47,000
Cliff Preddy[6]	39,500	–	–	**39,500**	61,737
	1,122,883	602,250	–	**1,725,133**	1,282,574

1 Greg Lock was appointed Non-Executive Chairman on 1 July 2008.
2 Ron Sandler resigned from the Board on 18 February 2008.
3 Philip Hulme was paid per meeting he attended during 2008.
4 During 2009 Ian Lewis received an additional annual fee of £5,000 for his services as Chairman of the ERP Project Committee.
5 John Ormerod receives an additional annual fee of £13,000 for his services as Chairman of the Audit Committee.
6 Cliff Preddy receives an additional annual fee of £5,500 for his services as Chairman of the Remuneration Committee. In addition, Cliff Preddy acted as Chairman of the Company between 19 February 2008 and 1 July 2008 and for this period he received a fee increase of £22,237.

Interests in share incentive schemes

Director	Scheme type	Exercise/ share price (p)	Exercise dates	Note	**At 1 January 2009**	Granted during the year	Exercised during the year	Lapsed	**At 31 December 2009**
Mike Norris	Option	322.00	10/04/2005 – 09/04/2012	3	**122,670**	–	–	–	**122,670**
		395.00	01/12/2008 – 31/05/2009	2	**4,012**	–	–	4,012	**–**
		424.00	02/04/2007 – 01/04/2014	5	**126,768**	–	–	126,768	**–**
		320.00	01/12/2014 – 31/05/2015	2	**–**	4,859	–	–	**4,859**
Total					**253,450**	4,859	–	130,780	**127,529**
	PSP	245.00	01/04/2009 – 01/10/2009	6	**181,500**	–	181,500	–	**–**
		285.25	01/04/2010 – 01/10/2010	7	**156,026**	–	–	–	**156,026**
		187.00	01/04/2011 – 01/10/2011	8	**223,930**	–	–	–	**223,930**
		126.50	13/03/2012 – 13/09/2012	9	**–**	208,102	–	–	**208,102**
		123.00	20/03/2012 – 20/09/2012	10	**–**	390,000	–	–	**390,000**
Total					**561,456**	598,102	181,500	–	**978,058**
Tony Conophy	Option	322.00	10/04/2005 – 09/04/2012	1,4	**9,316**	–	–	–	**9,316**
		322.00	10/04/2005 – 09/04/2012	3	**66,770**	–	–	–	**66,770**
		424.00	02/04/2007 – 01/04/2014	5	**79,599**	–	–	79,599	**–**
		178.00	01/12/2012 – 31/05/2013	2	**9,438**	–	–	–	**9,438**
Total					**165,123**	–	–	79,599	**85,524**
	PSP	245.00	01/04/2009 – 01/10/2009	6	**117,861**	–	117,861	–	**–**
		285.25	01/04/2010 – 01/10/2010	7	**101,319**	–	–	–	**101,319**
		187.00	01/04/2011 – 01/10/2011	8	**136,364**	–	–	–	**136,364**
		126.50	13/03/2012 – 13/09/2012	9	**–**	131,433	–	–	**131,433**
		123.00	20/03/2012 – 20/09/2012	10	**–**	240,000	–	–	**240,000**
Total					**355,544**	371,433	117,861	–	**609,116**

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

Notes:

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 all 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 the 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 the 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 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 2003, is at least equal to the RPI plus 5 per cent in any of the three-, four- or five-year periods up to and including 2006, 2007 or 2008 respectively.

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 2006 and ending on 31 December 2008, compared to the base year of 2005. 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 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 3p per cent over the three consecutive financial years starting on 1 January 2007 and ending on 31 December 2009, compared to the base year of 2006. 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.

8 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 ending 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.

9 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 ending 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.

10 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.

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

	Date of vesting	Scheme	Number of shares	Exercise price (p)	Market value at exercise (p)	Gain on exercise (£)
Director						
Tony Conophy	14/04/2009	PSP	117,861	n/a	124	146,148
Mike Norris	14/04/2009	PSP	181,500	n/a	124	225,060

The market price of the ordinary shares at 31 December 2009 was 250.30 pence. The highest price during the year was 345.00 pence and the lowest was 78.00 pence.

Stephen Benadé
Company Secretary
10 March 2010

Overview

Business review

Governance

Financial statements

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 2009.

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 runs from the start of the Report and Accounts, up to page 27 and as such, should be considered part of the Directors' Report. The review includes information about the Group's operations, financial performance throughout the year and likely developments, key performance indicators, an overview of the markets in which the Group operates, principal risks and information regarding the Group's sustainable development.

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 29 to 33, which is incorporated into the Report of the Directors by reference.

Results and dividends

The Group's activities resulted in a profit before tax of £48.4 million (2008: £39.5 million). The Group profit for the year available to shareholders amounted to £37.7 million (2008: £37.3 million).

The Directors have decided to pay an additional interim dividend of 8.0 pence per share, in lieu of a payment of a final dividend. This interim dividend totals £11.8 million (2008: final dividend of £8.1 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 2009 accounts, as described in note 11, is made up of last year's final dividend (5.5 pence per share) and the interim dividend (2.7 pence per share) of 2009.

Directors and Directors' authority

The Directors who served through-out the year ended 31 December 2009 were Tony Conophy, Philip Hulme, Ian Lewis, Greg Lock, Mike Norris, John Ormerod, Peter Ogden and Cliff Preddy. Brief biographical details of the Directors at the date of this report are given on page 28.

Mike Norris and Ian Lewis will retire by rotation at the forthcoming Annual General Meeting (AGM) and, being eligible, will offer themselves for re-election. Philip Hulme and Peter Ogden, having served as Directors for more than nine years, will also retire and offer themselves for re-election at the AGM. Cliff Preddy will retire by rotation at the forthcoming AGM, but will not offer himself for re-election.

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. At each AGM one-third of the Directors are required to retire by rotation and they may stand for re-election. 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 2010 AGM. This authority allows the Directors to allot shares up to the maximum amount stated in the Notice of the 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 pre-emption rights. A Resolution to allow a limited dis-application of these pre-emption rights has been passed by the members previously and a renewal of this authority is proposed for the 2010 AGM. This authority is also restricted to a specific amount (as detailed in the Notice of Annual General Meeting), which is approximately 5 per cent of the issued share capital. This authority generally expires at the conclusion of the following AGM.

The Company may only amend its Articles of Association by passing a Special Resolution in general meeting. The Company is proposing to amend its Articles of Association at the forthcoming AGM, in order to bring them in line with the Companies Act 2006. A summary of the proposed changes to the Articles, has been sent to all shareholders along with the notice of Annual General Meeting. A black-lined copy of the proposed Articles of Association is also available on the Company's website (www.computacenter.com/investors).

Directors' indemnities

The Company has granted indemnities to each of its Directors to the extent permitted by law and these indemnities remain in force at the date of this report. The indemnities are uncapped and cover all costs, charges, losses and liabilities the Directors may incur to third parties, in the course of acting as Directors of the Company or its subsidiaries.

Directors' conflicts of interests

From 1 October 2008, a Director has had a statutory duty to avoid a situation in which he has, or can have, an interest that conflicts or possibly may conflict with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles of Association by the other Directors. The Articles of Association were amended to include the relevant authorisation for Directors to approve such conflicts by a resolution of shareholders at the 2008 AGM.

During 2008 procedures were put in place to ensure compliance with the Directors' conflict of interest duties set out in the Companies Act 2006. All Directors were asked to submit details to the Company Secretary of any current situations (appointments or otherwise) which may give rise to a conflict, or potential conflict, of interest. Notifications were received from all Directors. These were reviewed by the Board and the Board identified those which required further consideration and, if appropriate, approval. Following consideration, the Board approved the conflict or potential conflict matters, subject to the condition that the Directors concerned abstain from participating in any discussion or decision affected by the conflict matter. In each case, authorisation was given by Directors who were genuinely independent of the conflict matter. A record of all authorisations is maintained by the Company Secretary and will be reviewed by the Board on an annual basis. All Directors are required to notify the Company Secretary of any changes to their registered conflicts, including new potential conflicts of interest.

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 2009		At 1 January 2009 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**	**–**	1,204,158	–
Tony Conophy	**2,175,905**	**–**	2,058,044	–
Non-Executive Directors				
Greg Lock	**350,000**	**–**	200,000	–
Philip Hulme	**19,291,770**	**9,143,921**	19,291,770	9,143,921
Ian Lewis	**45,000**	**–**	45,000	–
Peter Ogden	**35,335,636**	**979,166**	35,335,636	979,166
John Ormerod	**15,000**	**–**	5,000	–
Cliff Preddy	**14,166**	**–**	14,166	–

Between 31 December 2009 and 10 March 2010 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 10 March 2010, 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
Fidelity International Ltd (Indirect)	9,601,943	6.01%
Lloyds TSB Group Plc (Indirect)	5,381,288	3.37%
JP Morgan Asset Management Holdings Inc	7,762,043	5.07%

Capital structure

As at 10 March 2010, there were 153.1 million 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 5,728,576 ordinary shares of 6 pence, representing 3.74 per cent of the issued share capital. During the year the Trusts purchased a total of 493,513 shares. The voting rights attaching 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 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 2009 AGM, to make market purchases of up to 15,306,624 ordinary shares of 6 pence. This authority will expire at the 2010 AGM, where approval from shareholders will be sought to renew the authority. During the period no market purchases of ordinary shares were made, by the Company.

Significant agreements and relationships

The Group has various borrowing facilities provided primarily by Barclays Bank plc, the most significant of which is a £60 million secured credit facility signed in May 2008. 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. In addition to financing arrangements, the Board considers that there are a number of relationships with suppliers which are significant to the business, namely with HP, IBM, Microsoft, Sun 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 46 (2008: 45).

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Finance Director's Review on pages 18 to 21.

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 over ordinary shares of 6p were granted under the executive share option schemes (2008: 40,000). At the year-end options remained outstanding under these schemes, in respect of a total of 2,714,756 ordinary shares of 6 pence each (2008: 4,421,506 ordinary shares). During the year, 115,000 options over shares were exercised and options over 1,591,750 shares lapsed.

The Company also operates a Performance Share Plan (PSP) to incentivise employees. During the year, 3,029,337 ordinary shares of 6 pence were conditionally awarded (2008: 1,635,160). At the year-end, awards over 5,053,973 shares remained outstanding, under this scheme (2008: 3,624,497 ordinary shares). During the year, awards over 1,216,601 shares were transferred to participants and awards over 383,260 shares lapsed.

In addition, the Company operates a Sharesave scheme for the benefit of employees. At the year-end 2,595,964 (2008: 3,043,897) options granted under the Sharesave scheme remained outstanding.

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 Sustainable Development Report on pages 24 to 27.

Health, safety and environment

It remains the policy of the Group that each business maintains the high standards necessary to safeguard the health and safety of its employees, customers, contractors and the public. This commitment is formally contained in the Health and Safety Policy Statement, which is available from the Company's website at www.computacenter.com/corporate-responsibility or upon request. The Group's Health, Safety and Environment (HSE) Department monitors and reviews all procedures and policies, utilising the advice of external consultants, where necessary, in order to ensure the management systems comply with current legal requirements. Further objectives in relation to the maintenance of appropriate health, safety and environment standards, are detailed in the Sustainable Development Report on pages 24 to 27.

Equal opportunities

The Group takes the issues of equality and diversity very seriously and is committed to equal opportunities, monitoring and regularly reviewing policies and practices to ensure that it meets current legislative requirements, as well as Computacenter's own internal standards. The Group is committed to make full use of the talents and resources of all its employees and to provide a healthy environment that encourages good and productive 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 addresses local regulatory requirements. Further information can be found in the Sustainable Development Report on pages 24 to 27.

Employee involvement

Computacenter remains committed to involving all employees in significant business issues, particularly matters which affect their work and working environment. Employee involvement is undertaken through a variety of methods including team briefings, intranet, electronic mail and in-house publications. The primary method 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.

Performance and personal development

The Group is committed to the development of its employees through a regular performance review process. Managers are responsible for setting and reviewing personal objectives aligned to corporate and functional goals, reviewing performance against behavioural standards appropriate to job level, agreeing appropriate training and development interventions, and discussing career aspirations. The Group Executive Committee has overall responsibility for monitoring management development and ensuring that the required skills are available to meet the current and future management needs of the Group. At divisional and functional level, review processes exist to ensure that there is breadth and depth of management talent throughout the business. The UK business retains its Investor in People status.

Computacenter's reward strategy is reviewed regularly and continues to emphasise performance-related pay, particularly for more senior managers, with bonus payments aligned to financial performance.

Key performance indicators (KPIs)

Performance and operational KPIs can be found within the strategy spread 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 2009 this figure was 6.14 per cent (2008: 13.67 per cent). Further KPIs on employee and environmental matters can be found within the Corporate Sustainable Development Report on pages 24 to 27.

Workplace

International human rights obligations and international employment laws are met through a broad range of policies across the Group. These ensure that, for example, employees are not subject to discrimination, arbitrary or unjust dismissal or unjust application of wage rates. Further information on this can be found in the Sustainable Development Report on pages 24 to 27.

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 ('whistle-blowing') and sets out the procedures to be followed.

Community relations and charity activities

The Group supports community and charitable projects as part of its commitment to corporate social responsibility and encourages its employees to support such projects. It also organises and supports ad hoc charitable fundraising events. In addition, the donation of IT equipment to schools and other charitable causes is a feature of the Group's recycling programmes. Further information on the Groups' community initiatives can be found within the Sustainable Development Report on pages 24 to 27. In 2009 the Group made charitable donations amounting to £100,050 (2008: £87,000).

During the year the Group did not make any political donations to any political party, or other political organisation and did not incur any political expenditure within the meaning of Sections 362 to 379 of the Companies Act 2006.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review, which runs from the start of the Report and Accounts, up to page 27. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Director's Review on pages 18 to 21. In addition, notes 24 to 25 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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.

Auditors

Ernst & Young LLP has expressed its willingness to continue in office as auditor and a resolution approving the re-appointment 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 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 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 auditors

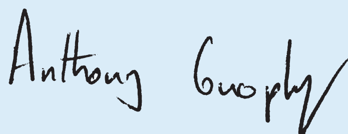
Each of the persons who is a Director at the date of approval of this report confirms that:

- 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

10 March 2010

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 2009 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 32. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 44, 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 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.

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 2009 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 financial statements are prepared is consistent with the Group financial statements; and
- the information given in the Corporate Governance Statement set out on pages 29 to 33 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

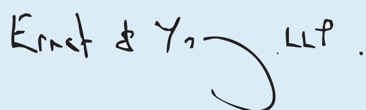
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 43, 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 June 2008 Combined Code specified for our review.

Other matter

We have reported separately on the Parent Company financial statements of Computacenter plc for the year ended 31 December 2009 and on the information in the Directors' Remuneration Report that is described as having been audited.



Peter Bateson (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
10 March 2010

Overview
Business review
Governance
Financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Revenue	3	**2,503,198**	2,560,135
Cost of sales		**(2,153,395)**	(2,205,276)
Gross profit		**349,803**	354,859
Distribution costs		**(19,032)**	(20,268)
Administrative expenses		**(272,876)**	(288,418)
Operating profit:	4		
Before amortisation of acquired intangibles and exceptional items		**57,895**	46,173
Amortisation of acquired intangibles		**(517)**	(525)
Exceptional items	5	**(5,299)**	(3,046)
Operating profit		**52,079**	42,602
Finance income	7	**1,307**	3,095
Finance costs	8	**(4,977)**	(6,161)
Profit before tax:			
Before amortisation of acquired intangibles and exceptional items		**54,225**	43,107
Amortisation of acquired intangibles		**(517)**	(525)
Exceptional items		**(5,299)**	(3,046)
Profit before tax		**48,409**	39,536
Income tax expense:			
Before exceptional items		**(12,113)**	(10,571)
Tax on exceptional items	5	**1,415**	–
Exceptional tax items	5	**–**	8,377
Income tax expense	9	**(10,698)**	(2,194)
Profit for the year		**37,711**	37,342
Attributable to:			
Equity holders of the parent	10	**37,703**	37,337
Non-controlling interests		**8**	5
		37,711	37,342
Earnings per share	10		
– basic		**25.7p**	24.7p
– diluted		**24.9p**	24.2p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 £'000	2008 £'000
Profit for the year	**37,711**	37,342
Exchange differences on translation of foreign operations	**(10,173)**	24,864
Total comprehensive income for the period	**27,538**	62,206
Attributable to:		
Equity holders of the parent	**27,543**	62,198
Non-controlling interests	**(5)**	8
	27,538	62,206

Overview

Business review

Governance

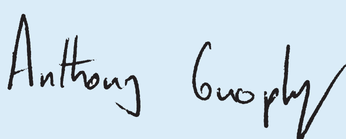
Financial statements

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Property, plant and equipment	12	**105,290**	123,315
Intangible assets	13	**72,965**	51,551
Investment in associate	15	**57**	–
Deferred income tax asset	9	**16,444**	16,672
		194,756	191,538
Current assets			
Inventories	17	**67,086**	105,831
Trade and other receivables	18	**475,646**	529,501
Prepayments		**55,785**	53,766
Accrued income		**29,538**	43,942
Forward currency contracts	24	**726**	–
Cash and short-term deposits	19	**108,017**	53,372
		736,798	786,412
Total assets		**931,554**	977,950
Current liabilities			
Trade and other payables	20	**378,929**	378,721
Deferred income		**123,861**	115,274
Financial liabilities	21	**48,647**	96,154
Forward currency contracts	24	**–**	644
Income tax payable		**3,815**	10,275
Provisions	23	**2,202**	2,100
		557,454	603,168
Non-current liabilities			
Financial liabilities	21	**22,022**	41,809
Provisions	23	**11,605**	9,565
Other non-current liabilities		**227**	615
Deferred income tax liabilities	9	**1,674**	1,582
		35,528	53,571
Total liabilities		**592,982**	656,739
Net assets		**338,572**	321,211
Capital and reserves			
Issued capital	26	**9,186**	9,181
Share premium	26	**2,929**	2,890
Capital redemption reserve	26	**74,950**	74,950
Own shares held	26	**(9,657)**	(11,169)
Foreign currency translation reserve	26	**16,208**	26,368
Retained earnings		**244,940**	218,970
Shareholders' equity		**338,556**	321,190
Non-controlling interests		**16**	21
Total equity		**338,572**	321,211

Approved by the Board on 10 March 2010



MJ Norris
Chief Executive

FA Conophy
Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to equity holders of the parent								
	Issued capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2009	**9,181**	**2,890**	**74,950**	**(11,169)**	**26,368**	**218,970**	**321,190**	**21**	**321,211**
Profit for the year	–	–	–	–	–	37,703	37,703	8	37,711
Other comprehensive income	–	–	–	–	(10,160)	–	(10,160)	(13)	(10,173)
Total comprehensive income	–	–	–	–	(10,160)	37,703	27,543	(5)	27,538
Cost of share-based payments	–	–	–	–	–	2,555	2,555	–	2,555
Deferred tax on share-based payment transactions	–	–	–	–	–	298	298	–	298
Exercise of options	5	39	–	2,072	–	(2,072)	44	–	44
Purchase of own shares	–	–	–	(560)	–	–	(560)	–	(560)
Equity dividends	–	–	–	–	–	(12,514)	(12,514)	–	(12,514)
At 31 December 2009	**9,186**	**2,929**	**74,950**	**(9,657)**	**16,208**	**244,940**	**338,556**	**16**	**338,572**
At 1 January 2008	**9,504**	**2,890**	**74,627**	**(11,380)**	**1,507**	**201,035**	**278,183**	**13**	**278,196**
Profit for the year	–	–	–	–	–	37,337	37,337	5	37,342
Other comprehensive income	–	–	–	–	24,861	–	24,861	3	24,864
Total comprehensive income	–	–	–	–	24,861	37,337	62,198	8	62,206
Cost of share-based payments	–	–	–	–	–	2,525	2,525	–	2,525
Exercise of options	–	–	–	298	–	(298)	–	–	–
Purchase of own shares	–	–	–	(9,695)	–	–	(9,695)	–	(9,695)
Cancellation of own shares	(323)	–	323	9,608	–	(9,608)	–	–	–
Equity dividends	–	–	–	–	–	(12,021)	(12,021)	–	(12,021)
At 31 December 2008	**9,181**	**2,890**	**74,950**	**(11,169)**	**26,368**	**218,970**	**321,190**	**21**	**321,211**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Operating activities			
Profit before taxation		**48,409**	39,536
Net finance costs		**3,670**	3,066
Depreciation	12	**35,326**	36,719
Amortisation	13	**4,631**	4,764
Share-based payments		**2,555**	2,525
Loss on disposal of property, plant and equipment		**23**	526
Impairment of intangible assets		**–**	3,046
Loss on disposal of intangible assets		**–**	48
Profit on disposal of business	5	**(1,879)**	–
Decrease in inventories		**34,126**	19,793
Decrease/(increase) in trade and other receivables		**52,348**	(34,844)
Increase in trade and other payables		**10,960**	16,190
Other adjustments		**283**	(760)
Cash generated from operations		**190,452**	90,609
Income taxes paid		**(17,500)**	(6,052)
Net cash flow from operating activities		**172,952**	84,557
Investing activities			
Interest received		**1,717**	3,884
Acquisition of subsidiaries, net of cash acquired	16	**(9,742)**	–
Proceeds from sale of business	5	**2,982**	–
Sale of property, plant and equipment		**7**	30
Purchases of property, plant and equipment		**(9,511)**	(10,065)
Purchases of intangible assets		**(11,790)**	(14,278)
Net cash flow from investing activities		**(26,337)**	(20,429)
Financing activities			
Interest paid		**(4,540)**	(7,254)
Dividends paid to equity shareholders of the parent	11	**(12,514)**	(12,021)
Proceeds from share issues		**44**	–
Purchase of own shares		**(560)**	(9,695)
Repayment of capital element of finance leases		**(20,956)**	(25,713)
Repayment of loans		**(40,248)**	(28,633)
New borrowings		**16,357**	46,610
(Decrease)/increase in factor financing		**(25,600)**	12,763
Net cash flow from financing activities		**(88,017)**	(23,943)
Increase in cash and cash equivalents		**58,598**	40,185
Effect of exchange rates on cash and cash equivalents		**(533)**	(562)
Cash and cash equivalents at the beginning of the year	19	**46,889**	7,266
Cash and cash equivalents at the year-end	19	**104,954**	46,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the Directors on 10 March 2010. 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 2009 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. Adoption of these standards did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures. The other pronouncements which came into force during the year were not relevant to the Group:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The Group adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 24. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 24.

IFRS 8 Operating Segments

IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in note 3, including the related revised comparative information.

IAS 1 Presentation of Financial statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 23 Borrowing Costs

The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Group has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. During the 12 months to 31 December 2009 no borrowing costs were incurred on qualifying assets.

2 Summary of significant accounting policies continued

IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation
The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfil a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued 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 did not have any impact on the financial position or performance of the Group.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. As a result of this amendment, the Group amended its disclosures in note 3 segmental analysis.

IFRS 8 Operating Segment Information: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does not review segment assets and liabilities the Group has chosen not to disclose this information in note 2.

IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. The Group analysed whether the expected period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any reclassification of financial instruments between current and non-current in the Balance Sheet.

IAS 16 Property, Plant and Equipment: Replaces the term 'net selling price' with 'fair value less costs to sell'. The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 18 Revenue: The IASB has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

- has primary responsibility for providing the goods or service;
- has inventory risk;
- has discretion in establishing prices; and
- bears the credit risk.

The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

IAS 36 Impairment of Assets: When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment had no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its cash-generating units is currently estimated using 'value in use'.

The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

New standards and interpretations not yet effective

During the year, the IASB and IFRIC have issued the following standards and interpretations which are expected to have implications for the reporting of the financial position or performance of the Group or which will require additional disclosures in future financial years.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy is effective from accounting periods beginning on or after 1 July 2009.

The other pronouncements not included above are not expected to be relevant to the Group upon adoption, in the context of the Group's circumstances.

Critical judgments and estimates

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

The more significant judgments 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;
- 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.

Property, plant and equipment

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

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

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

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

2 Summary of significant accounting policies continued

Leases

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

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

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

Intangible assets

Software and software licences

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

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

Software under development

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

Other intangible assets

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

Existing customer contracts	Period to the end of the acquired contract
Existing customer relationships	10 years
Tools and technology	7 years

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

2 Summary of significant accounting policies continued

Goodwill

Business combinations on or after 1 January 2004 are accounted for under IFRS 3 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.

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.

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.

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.

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 where a right of set-off exists.

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.

2 Summary of significant accounting policies continued

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 de-recognised 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 de-recognised when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments

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.

Any 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 (€) and US dollar (US$). 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.

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.

2 Summary of significant accounting policies continued

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.

VAT

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

- where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT 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 VAT included.

The net amount of VAT 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:

Product

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.

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. 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.

Finance income

Income is recognised as interest accrues.

Dividends

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

Operating leases

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

Pensions and other post-employment benefits

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

Exceptional items

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

2 Summary of significant accounting policies continued

Share-based payment transactions

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

The cost of equity-settled transactions with employees is measured by reference to the fair value of the award at the date at which they are granted. The fair value is determined by utilising an appropriate valuation model, further details of which are given in note 27. In valuing equity-settled transactions, no account is taken of any performance conditions as none of the conditions set are market-related ones.

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

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 26).

Own shares held

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

3 Segmental analysis

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

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

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

Segmental performance for the years ended 31 December 2009 and 2008 was as follows:

	UK £'000	Germany £'000	France £'000	Benelux £'000	**Total £'000**
For the year ended 31 December 2009					
Results					
Revenue	1,226,917	930,673	319,384	26,224	**2,503,198**
Adjusted gross profit	181,149	124,395	37,448	2,838	**345,830**
Adjusted net operating expenses	(143,310)	(104,831)	(40,169)	(3,597)	**(291,907)**
Adjusted segment operating profit/(loss)	37,839	19,564	(2,721)	(759)	**53,923**
Adjusted net interest					**302**
Adjusted profit before tax					**54,225**
Other segment information					
Capital expenditure:					
Property, plant and equipment	11,042	8,107	783	118	**20,050**
Intangible fixed assets	11,891	15,301	71	–	**27,263**
Depreciation	24,015	10,064	1,118	129	**35,326**
Amortisation	3,302	1,209	120	–	**4,631**
Share-based payments	1,893	357	305	–	**2,555**

3 Segmental analysis continued

	UK £'000	Germany £'000	France £'000	Benelux £'000	**Total £'000**
For the year ended 31 December 2008					
Results					
Revenue	1,391,177	830,740	308,210	30,008	**2,560,135**
Adjusted gross profit	194,934	113,703	38,821	3,372	**350,830**
Adjusted net operating expenses	(165,324)	(99,386)	(40,511)	(3,465)	**(308,686)**
Adjusted segment operating profit/(loss)	29,610	14,317	(1,690)	(93)	**42,144**
Adjusted net interest					**963**
Adjusted profit before tax					**43,107**
Other segment information					
Capital expenditure:					
Property, plant and equipment	28,725	7,663	1,105	229	**37,722**
Intangible fixed assets	11,903	1,067	1,308	–	**14,278**
Depreciation	27,715	7,804	1,078	122	**36,719**
Amortisation	2,816	827	1,121	–	**4,764**
Share-based payments	2,009	334	182	–	**2,525**

Reconciliation of adjusted results

Management reviews 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:

	2009 £'000	2008 £'000
Adjusted profit before tax	**54,225**	43,107
Amortisation of acquired intangibles	**(517)**	(525)
Exceptional items	**(5,299)**	(3,046)
Profit before tax	**48,409**	39,536

3 Segmental analysis continued

Reconciliation of adjusted results continued

Management also reviews 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	Benelux £'000	**Total £'000**
For the year ended 31 December 2009					
Adjusted segment operating profit/(loss)	37,839	19,564	(2,721)	(759)	**53,923**
Add back interest on CSF	2,921	1,051	–	–	**3,972**
Amortisation of acquired intangibles	(481)	(36)	–	–	**(517)**
Exceptional items	(3,155)	(291)	(1,613)	(240)	**(5,299)**
ERP implementation costs	(2,728)	2,728	–	–	**–**
Segment operating profit/(loss)	34,396	23,016	(4,334)	(999)	**52,079**
For the year ended 31 December 2008					
Adjusted segment operating profit/(loss)	29,610	14,317	(1,690)	(93)	**42,144**
Add back interest on CSF	3,292	737	–	–	**4,029**
Amortisation of acquired intangibles	(481)	(44)	–	–	**(525)**
Exceptional items	(1,922)	–	(1,124)	–	**(3,046)**
ERP implementation costs	(1,673)	950	723	–	**–**
Segment operating profit/(loss)	28,826	15,960	(2,091)	(93)	**42,602**

Sources of revenue

Each geographical segment principally consists of a single entity with shared assets, liabilities and capital expenditure. The Group has three sources of revenue, which are aggregated and shown in the table below. The sale of goods is recorded within product revenues and the rendering of services is split into Professional and Support and Managed Services.

Revenue performance is reported to the Chief Operating Decision Maker excluding the UK Trade Distribution business, which was disposed of on 27 October 2009. The table below reflects revenue performance before and after the impact of the sold business.

	2009 £'000	2008 £'000
Sources of revenue		
Product revenue		
Ongoing operations	**1,678,613**	1,717,269
Trade distribution	**84,589**	158,588
Total product revenue	**1,763,202**	1,875,857
Services revenue		
Professional services	**175,364**	181,219
Support and managed services	**564,632**	503,059
Total services revenue	**739,996**	684,278
Total revenue	**2,503,198**	2,560,135

Information about major customers

Included in revenues arising from the UK segment are revenues of approximately £397 million (2008: £400 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:

		2009 £'000	2008 £'000
Auditors' remuneration:			
Audit of the financial statements		**416**	420
Other fees to auditors	– local statutory audits for subsidiaries	**39**	77
	– taxation services	**146**	104
	– other services	**98**	–
		699	601
Depreciation of property, plant and equipment		**35,326**	36,719
Loss on disposal of property, plant and equipment		**23**	526
Profit on disposal of business, net of goodwill		**1,879**	–
Impairment of intangible assets		**–**	3,046
Amortisation of intangible assets		**4,631**	4,764
Net foreign currency differences		**(897)**	740
Costs of inventories recognised as an expense		**1,588,654**	1,683,433
Operating lease payments – minimum lease payments		**40,174**	42,259

In addition to the auditors' remuneration disclosed above, further costs of £139,000 relating to non-audit services in respect of the acquisition of becom Informationssysteme GmbH have been capitalised.

5 Exceptional items

	2009 £'000	2008 £'000
Operating profit		
Profit on disposal of business, net of goodwill	**1,879**	–
Restructuring costs	**(7,178)**	–
Impairment of intangible assets	**–**	(3,046)
	(5,299)	(3,046)
Income tax		
Tax on exceptional items included in operating profit	**1,415**	–
Adjustment following agreement of certain items for earlier years	**–**	3,611
Changes in recoverable amounts of deferred tax assets	**–**	4,766
	1,415	8,377

2009

The net gain on disposal of business of £1,879,000 arises from the Group disposing of its trade distribution division to Ingram Micro in October 2009. The disposal does not match the criteria of IFRS 5 'Non-current assets held-for-sale and discontinued operations' as the disposal does not represent a separate major line of business or geographical area of operations and hence was not treated as a discontinued operation. The Group received consideration of £2,982,000 in cash and cash equivalents, net of costs incurred in relation to the sale. This is offset by the disposal of goodwill associated with the business of £1,002,000. The directly attributable goodwill associated with the Trade Distribution business originally arose from the acquisition of Metrologie UK in 1999. Separately, related inventories of £8,574,000 were sold to Ingram Micro at cost.

Restructuring costs arise from the change programme to reduce costs. They include expenses from headcount reductions of £5,309,000 and vacant premises costs of £1,869,000.

5 Exceptional items continued

2008

The forecasted cash flows for Computacenter France do not support the value of the non-current assets in the business. An exceptional impairment was recognised in 2008 in relation to additions to intangible assets relating to the Group ERP programme that were specifically allocated to the French cash-generating unit.

After the 2008 year-end a decision was reached to cease using the Digica brand following the integration of the Digica operations into those of Computacenter (UK) Limited. An exceptional impairment of the trademark, generated at the time of acquisition, was recognised accordingly.

The tax charge for 2008 contained two items which, due to their size, were disclosed separately, as follows:

- during 2008 agreement was reached on certain significant items for earlier years; and
- the deferred tax asset in respect of losses in Germany was re-assessed in line with management's view of the entities future performance. Where the reassessment exceeded the losses utilised in the year, the change in the recoverable amount of the deferred tax asset was shown as an exceptional item.

6 Staff costs and Directors' emoluments

	2009 £'000	2008 £'000
Wages and salaries	**430,408**	402,681
Social security costs	**66,407**	61,355
Pension costs	**16,142**	14,877
	512,957	478,913

Included in wages and salaries is a charge for share-based payments of £2,555,000 (2008: £2,525,000), all of which arises 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:

	2009 No.	2008 No.
UK	**4,837**	4,958
Germany	**4,093**	4,047
France	**1,121**	1,014
Benelux	**194**	198
	10,245	10,217

7 Finance income

	2009 £'000	2008 £'000
Bank interest receivable	**1,249**	2,753
Income from investments	**58**	342
	1,307	3,095

8 Finance costs

	2009 £'000	2008 £'000
Bank loans and overdrafts	**429**	595
Finance charges payable on customer-specific financing	**3,972**	4,029
Finance costs on factoring	**391**	1,336
Other interest	**185**	201
	4,977	6,161

9 Income tax

a) Tax on profit on ordinary activities

	2009 £'000	2008 £'000
Tax charged in the income statement		
Current income tax		
UK corporation tax	**11,181**	11,881
Foreign tax	**1,394**	673
Adjustments in respect of prior periods	**(853)**	(4,028)
Total current income tax	**11,722**	8,526
Deferred tax		
Origination and reversal of temporary differences	**(2,284)**	(2,379)
Losses utilised	**4,803**	4,841
Changes in recoverable amounts of deferred tax assets	**(3,691)**	(4,145)
Exceptional changes in recoverable amounts of deferred tax assets	**–**	(4,766)
Adjustments in respect of prior periods	**148**	117
Total deferred tax	**(1,024)**	(6,332)
Tax charge in the income statement	**10,698**	2,194

b) Reconciliation of the total tax charge

	2009 £'000	2008 £'000
Accounting profit before income tax	**48,409**	39,536
At the UK standard rate of corporation tax of 28.0% (2008: 28.5%)	**13,555**	11,268
Expenses not deductible for tax purposes	**803**	806
Exceptional expenses not deductible for tax purposes	**–**	548
Non-deductible element of share-based payment charge	**350**	719
Exceptional adjustments in respect of current income tax of previous periods	**–**	(3,611)
Adjustments in respect of current income tax of previous periods	**(853)**	(300)
Higher tax on overseas earnings	**69**	664
Other differences	**(309)**	(104)
Capital gain relieved by unrecognised losses brought forward	**(835)**	–
Exceptional changes in recoverable amounts of deferred tax assets	**–**	(4,766)
Changes in recoverable amounts of deferred tax assets	**(3,691)**	(4,145)
Losses of overseas undertakings not available for relief	**1,609**	1,115
At effective income tax rate of 22.1% (2008: 5.5%)	**10,698**	2,194

c) Tax losses

Deferred tax assets of £11.8 million (2008: £13.5 million) have been recognised in respect of losses carried forward. Where deferred tax assets have been reassessed in excess of the losses utilised in the year, the change in the recoverable amount of the deferred tax asset is shown as an exceptional item in the income tax expense for the year, due to the material nature and expected infrequency of this reassessment.

In addition, at 31 December 2009, there were unused tax losses across the Group of £188.1 million (2008: £212.0 million) for which no deferred tax asset has been recognised. Of these losses, £111.1 million (2008: £138.8 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.

9 Income tax continued

d) Deferred tax

Deferred income tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Deferred income tax liabilities				
Accelerated capital allowances	**438**	689	**(250)**	(171)
Effect of changes in tax rate on opening liability	**–**	(77)	**–**	(77)
Arising on acquisition	**1,236**	970	**(135)**	(125)
Gross deferred income tax liabilities	**1,674**	1,582		
Deferred income tax assets				
Relief on share option gains	**909**	397	**(512)**	78
Other temporary differences	**3,751**	2,798	**(1,238)**	(2,035)
Effect of changes in tax rate on opening liability	**–**	–	**–**	(31)
Revaluations of foreign exchange contracts to fair value	**(27)**	(27)	**–**	99
Losses available for offset against future taxable income	**11,423**	13,504	**1,111**	(4,766)
Fair value adjustments on acquisition of subsidiary (note 16)	**388**	–	**–**	696
Gross deferred income tax assets	**16,444**	16,672		
Deferred income tax charge			**(1,024)**	(6,332)
Net deferred income tax asset	**14,770**	15,090		

At 31 December 2009, there was no recognised or unrecognised deferred income tax liability (2008: £nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief.

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.

	2009 £'000	2008 £'000
Profit attributable to equity holders of the parent	**37,703**	37,337
Amortisation of acquired intangibles	**517**	525
Tax on amortisation of acquired intangibles	**(145)**	(150)
Exceptional items within operating profit	**5,299**	3,046
Tax on exceptional items included in profit before tax	**(1,415)**	–
Exceptional items within the total tax charge for the year:		
– adjustment following agreement of certain items for earlier years	**–**	(3,611)
– changes in recoverable amounts of deferred tax assets	**–**	(4,766)
Profit before amortisation of acquired intangibles and exceptional items	**41,959**	32,381

10 Earnings per ordinary share continued

	2009 000's	2008 000's
Basic weighted average number of shares (excluding own shares held)	**146,918**	151,279
Effect of dilution:		
Share options	**4,671**	3,077
Diluted weighted average number of shares	**151,589**	154,356

	2009 pence	2008 pence
Basic earnings per share	**25.7**	24.7
Diluted earnings per share	**24.9**	24.2
Adjusted basic earnings per share	**28.6**	21.4
Adjusted diluted earnings per share	**27.7**	21.0

11 Dividends paid and proposed

	2009 £'000	2008 £'000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2008: 5.5 pence (2007: 5.5 pence)	**8,097**	8,063
Interim for 2009: 3.0 pence (2008: 2.7 pence)	**4,417**	3,958
	12,514	12,021

Proposed (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Additional interim dividend for 2009: 8.0 pence (2008: nil)	**11,863**	–
Final dividend for 2008 5.5 pence	**–**	8,120

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 2008	**67,217**	**10,830**	**132,542**	**210,589**
Additions	–	4,095	33,627	37,722
Disposals	–	(2,187)	(15,711)	(17,898)
Foreign currency adjustment	290	4,891	14,258	19,439
At 31 December 2008	**67,507**	**17,629**	**164,716**	**249,852**
Additions	21	2,991	16,662	19,674
Acquisition of subsidiary undertaking	–	–	376	376
Disposals	–	(123)	(16,483)	(16,606)
Foreign currency adjustment	(97)	(1,531)	(4,205)	(5,833)
At 31 December 2009	**67,431**	**18,966**	**161,066**	**247,463**
Accumulated depreciation and impairment				
At 1 January 2008	**20,964**	**5,247**	**67,934**	**94,145**
Provided during the year	2,599	1,931	32,189	36,719
Disposals	–	(2,039)	(15,303)	(17,342)
Foreign currency adjustment	17	3,754	9,244	13,015
At 31 December 2008	**23,580**	**8,893**	**94,064**	**126,537**
Provided during the year	2,543	1,850	30,933	35,326
Disposals	–	(123)	(16,453)	(16,576)
Foreign currency adjustment	(6)	(1,128)	(1,980)	(3,114)
At 31 December 2009	**26,117**	**9,492**	**106,564**	**142,173**
Net book value				
At 31 December 2009	**41,314**	**9,474**	**54,502**	**105,290**
At 31 December 2008	43,927	8,736	70,652	123,315
At 1 January 2008	46,253	5,583	64,608	116,444

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	
	2009 £'000	2008 £'000
Cost		
At 1 January	**82,661**	61,823
Additions	**10,462**	27,657
Disposals	**(7,472)**	(6,819)
At 31 December	**85,651**	82,661
Accumulated depreciation and impairment		
At 1 January	**31,742**	15,335
Charge for year	**23,309**	23,225
Disposals	**(7,472)**	(6,818)
At 31 December	**47,579**	31,742
Net book value	**38,072**	50,919

13 Intangible assets

	Goodwill £'000	Software £'000	Other intangible assets £'000	Total £'000
Cost				
At 1 January 2008	**31,812**	**18,057**	**6,327**	**56,196**
Additions	–	14,278	–	14,278
Disposals	–	(393)	–	(393)
Adjustment for contingent consideration	(1,000)	–	–	(1,000)
Foreign currency adjustment	–	3,189	95	3,284
At 31 December 2008	**30,812**	**35,131**	**6,422**	**72,365**
Additions	13,594	11,264	526	25,383
Acquisition of subsidiary undertaking	–	151	1,729	1,880
Disposals	(1,002)	(131)	–	(1,133)
Foreign currency adjustment	–	(989)	(32)	(1,020)
At 31 December 2009	**43,404**	**45,426**	**8,645**	**97,475**
Amortisation and impairment				
At 1 January 2008	**–**	**10,352**	**659**	**11,011**
Charged during the year	–	4,239	525	4,764
Disposals	–	(345)	–	(345)
Impairment charge	–	1,124	1,922	3,046
Foreign currency adjustment	–	2,291	47	2,338
At 31 December 2008	**–**	**17,661**	**3,153**	**20,814**
Charged during the year	–	4,114	517	4,631
Disposals	–	(131)	–	(131)
Foreign currency adjustment	–	(791)	(13)	(804)
At 31 December 2009	**–**	**20,853**	**3,657**	**24,510**
Net book value				
At 31 December 2009	**43,404**	**24,573**	**4,988**	**72,965**
At 31 December 2008	30,812	17,470	3,269	51,551
At 1 January 2008	31,812	7,705	5,668	45,185

14 Impairment testing of goodwill and other intangible assets

Goodwill brought forward

Goodwill brought forward on 1 January 2009 of £29,977,000 has been allocated to the Computacenter (UK) Limited cash-generating unit and £835,000 has been allocated to the RD Trading Limited cash-generating unit for impairment testing.

Disposal of Goodwill

On 27 October 2009, Computacenter UK sold its Trade Distribution business. As a consequence, directly attributable goodwill of £1,002,000 was disposed of, and included within the exceptional profit on disposal of business (note 5). This goodwill arose from the acquisition of Metrologie UK in 1999.

Additions to Goodwill

During the year, additions to goodwill arose from the purchase of becom in Germany on 26 November 2009 and Thesaurus in the UK on 27 November 2009.

The recoverable amount of the assets of Thesaurus were acquired by and were immediately integrated within Computacenter UK) Limited. Goodwill arising on the acquisition of £1,454,000 has been tested for impairment against the Computacenter (UK) Limited cash-generating unit.

Computacenter (UK) Limited and RD Trading Limited cash-generating units

The recoverable amounts of Computacenter (UK) Limited and RD Trading Limited 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 2.5 per cent (2008: 2.5 per cent) thereafter.

Key assumptions used in the value-in-use calculation for Computacenter (UK) Limited and RD Trading Limited for 31 December 2009 and 31 December 2008 are:

- budgeted revenue, which is based on long-run market growth forecasts;
- budgeted gross margins, which are based on average gross margins achieved in the year immediately before the budgeted year, adjusted for expected long-run market pricing trends; and
- the discount rate applied to cash flow projections is 12.0 per cent (2008: 13.0 per cent).

The Computacenter (UK) Limited and RD Trading cash-generating units generate value substantially in excess of the carrying value of goodwill attributed to 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 2009 or at 31 December 2008.

becom Informationssysteme GmbH ('becom') cash-generating unit

Goodwill of £12,140,000 relating to the acquisition of becom has been allocated to the becom cash-generating unit. The recoverable amount has been based upon the financial budgets approved by senior management covering a three-year period, and on long-term market growth rates of 2.5 per cent thereafter.

Key assumptions used in the value in use calculation for becom at 31 December 2009 are:

- budgeted revenue, which is based on market share 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 is 12.0 per cent.

Since acquisition the business has performed in line with the anticipated value-in-use determined at acquisition, and management are confident that becom will continue to perform in line with or exceed forecasts for the foreseeable period. As a result, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The assets and liabilities of becom will be integrated fully with Computacenter Germany during 2010. As a result it is expected that, going forward, the cash flows will not be reliably and separately identifiable and that the goodwill relating this is acquisition will be tested for impairment against the Computacenter Germany cash-generating unit.

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.

In early 2009, a decision was reached to cease using the Digica brand following the integration of the Digica operations into those of Computacenter (UK) Limited. An exceptional non-cash full impairment charge of £1.9 million for the trademark generated at the time of the Digica acquisition was recognised accordingly in the year ended 31 December 2008.

15 Investments

a) Investment in associate

During the year the Group acquired a 20 per cent interest in Gonicus GmbH as part of the acquisition of becom. Their 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. The carrying value of the investment is £57,000, which is in line with the fair value of the investment when acquired on 26 November 2009.

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	**2009**	2008
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%
Allnet Limited	England	In-premises cabling services	**100%**	100%
becom Informationssysteme GmbH	Germany	IT Infrastructure services	**100%****	–

* Includes indirect holdings of 100% via Computacenter (UK) Limited.
** Includes indirect holdings of 100% via Computacenter Holding GmbH.

Computacenter plc is the ultimate parent entity of the Group.

16 Business combinations

On 26 November 2009 the Group acquired 100 per cent of the voting shares of becom Informationssysteme GmbH ('becom') for a consideration of €2.0 million. The costs of acquisition amounted to €258,000. becom is based in Germany and is a leading IT infrastructure services provider. The acquisition has been accounted for using the purchase method of accounting. The consolidated financial statements include the results of becom for the one month period from the acquisition date.

The book and fair values of the net assets at date of acquisition were as follows:

	Book value £'000	Provisional fair value to Group £'000
Intangible assets		
Comprising:		
Existing customer relationships	–	1,348
Software	151	151
Total intangible assets	151	1,499
Property, plant and equipment	376	376
Investment in associate	169	64
Deferred income tax assets	–	388
Inventories	275	275
Trade and other receivables	13,512	12,220
Prepayments	91	91
Cash and short term deposits	286	286
Trade and other payables	(15,009)	(17,706)
Deferred income	(110)	(110)
Financial liabilities	(7,111)	(7,111)
Deferred tax liabilities	–	(405)
Net liabilities	(7,370)	(10,133)
Goodwill arising on acquisition		12,140
		2,007
Discharged by:		
Cash		1,778
Costs associated with the acquisition, settled in cash		229
		2,007

From the date of acquisition, becom has contributed £12,114,000 to the Group's revenue and £196,000 to the Group's profit after tax.

The provisional fair values include adjustments to the book values to recognise additional accruals for further expected tax liabilities and to reflect the value of the customer relationships acquired with the business. At acquisition becom held various intercompany balances with other companies within the Group of which it was a member. As part of the provisional fair value calculations the Group has made provision against these receivables where it does not expect to recover the amounts due. Deferred tax assets arise from the timing differences on the other fair value adjustments.

Included in the £12,140,000 of goodwill arising 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.

On 27 November 2009 the Group acquired certain assets and liabilities of Thesaurus Computer Services Limited ('Thesaurus') from Thesaurus Computer Services Limited and BDO LLP for a consideration of £900,000. The costs of acquisition amounted to £10,000. Thesaurus is a private company based in the UK which provides mainframe service solutions.

16 Business combinations continued

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

	Book value £'000	Provisional fair value to Group £'000
Customer relationships	–	381
Creditors	(146)	(146)
Deferred income	(779)	(779)
Net liabilities	(925)	(544)
Goodwill arising on acquisition	–	1,454
		910
Discharged by:		
Cash		900
Costs associated with the acquisition, settled in cash		10
		910

From the date of acquisition, Thesaurus has contributed £1,003,000 to the Group's revenue and £52,000 to the Group's profit after tax.

Included in the goodwill of £1,454,000 recognised above 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.

If the acquisitions of becom and Thesaurus had taken place at the beginning of the year, Group revenues for the year would have been £2,596,314,000 and profit after tax would have been £27,528,000. In the 11 months prior to acquisition becom reported a loss of £10,330,000.

17 Inventories

	2009 £'000	2008 £'000
Inventories for re-sale	**67,086**	105,831

18 Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	**473,336**	527,807
Other receivables	**2,310**	1,694
	475,646	529,501

For terms and conditions relating to related party receivables, refer to note 32.

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

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

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

	2009 £'000	2008 £'000
At 1 January	**13,545**	11,518
Charge for the year	**7,367**	9,708
Utilised	**(4,310)**	(3,527)
Unused amounts reversed	**(5,042)**	(6,067)
Foreign currency adjustment	**(583)**	1,913
At 31 December	**10,977**	13,545

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

	Total £'000	Neither past due nor impaired £'000	Past due but not impaired				
			<30 days £'000	30–60 days £'000	60–90 days £'000	90–120 days £'000	>120 days £'000
2009	**473,336**	**393,215**	**55,281**	**14,719**	**6,426**	**1,977**	**1,718**
2008	527,807	412,535	81,635	16,716	9,814	3,616	3,491

19 Cash and short-term deposits

	2009 £'000	2008 £'000
Cash at bank and in hand	**53,017**	13,372
Short-term deposits	**55,000**	40,000
	108,017	53,372

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 £108,017,000 (2008: £53,372,000).

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

	2009 £'000	2008 £'000
Cash at bank and in hand	**53,017**	13,372
Short-term deposits	**55,000**	40,000
Bank overdrafts (note 21)	**(3,063)**	(6,483)
	104,954	46,889

20 Trade and other payables

	2009 £'000	2008 £'000
Trade payables	**229,038**	228,113
Other payables	**149,891**	150,608
	378,929	378,721

Terms and conditions of the above financial liabilities:

For terms and conditions relating to related parties, refer to note 32.

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.

21 Financial liabilities

	2009 £'000	2008 £'000
Current		
Bank overdrafts	**3,063**	6,483
Other loans – 'CSF'	**6,315**	27,572
Other loans – 'Non-CSF'	**3,605**	–
Factor financing	**14,846**	42,280
Current obligations under finance leases – 'CSF' (note 22a)	**20,718**	19,819
Current obligations under finance leases – 'Non-CSF' (note 22a)	**100**	–
	48,647	96,154
Non-current		
Other loans – 'CSF'	**173**	6,437
Non-current obligations under finance leases – 'CSF' (note 22a)	**21,849**	35,372
	22,022	41,809

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 2009			
	2010	0%–6.91%	**9,696**
	2011	7.84%	**270**
	2013	3.95%–4.60%	**119**
	2014	3.09%–4.25%	**8**
			10,093
Less: current instalments due on other loans			**9,920**
			173

	Maturity date	Interest rate	£'000
31 December 2008			
	2009	0%–9.36%	17,569
	2010	3.39%–6.38%	15,769
	2011	7.84%	409
	2013	3.95%–4.6%	262
			34,009
Less: current instalments due on other loans			27,572
			6,437

The table below summarises the maturity profile of these loans:

	2009 £'000	2008 £'000
Not later than one year	**9,920**	27,572
After one year but not more than five years	**173**	6,437
	10,093	34,009

The finance lease and loan facilities are committed.

21 Financial liabilities continued

d) Factor financing

Computacenter UK and Computacenter France have access to factor financing arrangements.

France

Factor financing is in respect of trade debts factored with recourse which represents a proportion of the debts. Under the terms of the arrangement certain trade debts are sold to the factor who in turn advances cash payments in relation to these debts. Interest is charged on these amounts on a daily basis at a rate of ECB base rate +0.7 per cent. The Group is not obliged (and does not intend to) support any losses arising from the assigned debts against which the cash has been advanced. In the event of default in payment of a debtor, the providers of finance seek repayment of cash advanced only from the remainder of the cash pool of debts in which they hold an interest; repayment is not required from the Group in any other way.

UK

Factor financing is in respect of trade debts factored with recourse which represents a proportion of the debts. Under the terms of the arrangement certain trade debts are sold to the factor who in turn advances cash payments in relation to these debts. A non-utilisation fees is payable at 0.25 per cent of the available facility where the amounts drawn down equate to less than 50 per cent of said facility. In the event of a default in payment of a debtor the Group is obliged to support losses to the extent of cash advanced against that debt. In normal circumstances this will be recovered from the cash pool of debts in which they hold an interest. The Group is obliged to repay any advance of cash in excess of the maximum amount available for draw-down as calculated under the terms of the agreement.

e) Facilities

At 31 December 2009, the Group had available £100.3 million (2008: £163.4 million) of uncommitted overdraft and factoring facilities. The Group also had access to a £60.0 million committed facility of which £42.9 million is not utilised as at the balance sheet date. This facility expires in May 2011.

22 Obligations under leases

a) Finance lease commitments

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

	2009		2008	
	Minimum payments £'000	**Present value of payments £'000**	Minimum payments £'000	Present value of payments £'000
Within one year	**22,462**	**20,818**	24,480	19,819
After one year but not more than five years	**22,848**	**21,849**	37,562	35,372
	45,310	**42,667**	62,042	55,191

b) Operating lease commitments where the Group is lessee

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

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

	2009 £'000	2008 £'000
Not later than one year	**35,756**	38,922
After one year but not more than five years	**47,993**	50,065
More than five years	**14,574**	16,061
	98,323	105,048

c) Operating lease receivables where the Group is lessor

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

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

	2009 £'000	2008 £'000
Not later than one year	**22,948**	19,837
After one year but not more than five years	**14,704**	35,034
	37,652	54,871

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

23 Provisions

	Property provisions £'000
At 1 January 2009	11,665
Arising during the year	3,665
Utilised	(1,410)
Movement in discount rate	343
Exchange adjustment	(456)
At 31 December 2009	**13,807**
Current 2009	2,202
Non-current 2009	11,605
	13,807
Current 2008	2,100
Non-current 2008	9,565
	11,665

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.

24 Financial instruments

An explanation of the Group's financial instrument risk management objectives, policies and strategies are set out in the Finance Director's Review on pages 18 to 21.

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, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents.

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

Interest rate risk

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

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.

24 Financial instruments continued

Interest rate sensitivity

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

	Change in basis points	Effect on profit before tax £'000
2009		
Sterling	+25	97
Euro	+25	(52)
2008		
Sterling	+25	99
Euro	+25	(92)

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 2009 the Group held 61 foreign exchange contracts (2008: 14) 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 2009

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK					
	Euros	Sterling	€2,630,000	Mar 10	1.1208
	Sterling	Dollars	$5,632,000	Jan–Feb 10	1.584–1.615
	Sterling	SA rand	R400,500	Jan 10	11.9438
	Dollars	Sterling	$2,537,000	Jan–Feb 10	1.594–1.668
	SA rand	Sterling	R801,000	Jan 10	11.958–11.978
Germany					
	Dollars	Euros	$39,906,000	Jan–Apr 10	1.435–1.508
	Euros	Dollars	$2,695,000	Jan–Feb 10	1.460–1.487

31 December 2008

	Buy currency	Sell currency	Value of contracts	Maturity dates	Contract rates
UK					
	Euros	Sterling	€7,036,000	Jan–Mar 09	1.031–1.032
	Dollars	Sterling	$5,500,000	Jan 09	1.449
Germany					
	Dollars	Euros	$15,300,000	Jan 09	1.265–1.421

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 an asset of £726,000 (2008: £644,000 liability).

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

24 Financial instruments continued

Liquidity risk

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

	On demand £'000	<3 months £'000	3–12 months £'000	1–5 years £'000	>5 years £'000	**Total £'000**
Year ended 31 December 2009						
Financial liabilities	18,608	11,605	37,399	23,027	–	**90,639**
Property provisions	–	312	1,844	9,345	2,847	**14,348**
Trade and other payables	–	378,929	–	–	–	**378,929**
	18,608	390,846	39,243	32,372	2,847	**483,916**

	On demand £'000	<3 months £'000	3–12 months £'000	1–5 years £'000	>5 years £'000	Total £'000
Year ended 31 December 2008						
Financial liabilities	48,867	15,254	45,905	44,112	–	154,138
Forward currency contracts	–	634	–	10	–	644
Property provisions	–	247	1,853	6,304	3,261	11,665
Trade and other payables	–	378,721	–	–	–	378,721
	48,867	394,856	47,758	50,426	3,261	545,168

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 3 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 2009 the Group had Forward Currency Contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of an asset of £726,000 (31 December 2008: liability of £644,000).

The realised gains from forward currency contracts in the period to 31 December 2009 of £1,370,000, are offset by broadly equivalent realised losses on the related underlying transactions.

25 Capital management

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

In line with this approach the Group has repurchased share capital where it has been enhancing to earnings per share. In 2009, the Group also purchased a further £0.6 million of shares for use in various employee share schemes.

Consistent with the Group's aim to maximise return to shareholders, the dividend policy is to maintain a relatively low level of cover of between 2–2.5 times. In 2009 the cover was 2.5 times, on a pre-exceptional basis (2008: 2.6 times).

Capital is allocated across the Group in order to minimise the Group's exposure to exchange rates, which has typically resulted in borrowings in France and Germany with cash on deposit in the UK.

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' 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.

25 Capital management continued

The measures of net funds that the Group monitors are:

	2009 £'000	2008 £'000
Net funds excluding customer-specific financing	**86,403**	4,609
Customer-specific loans	**(6,488)**	(34,009)
Customer-specific finance leases	**(42,567)**	(55,191)
Net funds/(debt)	**37,348**	(84,591)

The net funds (excluding customer-specific financing) improved in the year from £4.6 million to £86.4 million by the end of the year. The rise in net funds ahead of earnings is due to a number of factors. Firstly the sale of the trade distribution business in the UK released an estimated £30 million working capital; secondly the Group benefited by an estimated £30 million from improved credit terms with a significant vendor in UK and Germany; cash receipts at the end of December 2009 were stronger than usually experienced; and finally, there was a benefit of £10 million due to early settlement on a customer contract that is financed by a customer-specific financing arrangement. The increase in the year is achieved after taking account of investment in the ERP system in the period of some £11 million.

The Group's capital base is primarily utilised to finance its fixed assets and working capital requirements. Each operating country manages working capital in line with Group policies. The Group intends to optimise the use of working capital and improve its cash flow. In 2009, as a consequence, the UK simplified its organisation and exited the Trade Distribution business.

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.

26 Authorised and issued capital and reserves

Authorised	2009 £'000	2008 £'000
A ordinary shares of 6 pence each	**25,000**	25,000
B shares of 39 pence each	**75,000**	75,000
	100,000	100,000

A ordinary shares

Issued and fully paid	No. '000'	£'000
At 1 January 2008	**158,399**	9,504
Purchase of own ordinary shares for cancellation	**(5,378)**	(323)
At 31 December 2008	**153,021**	9,181
Ordinary shares issued during the year for cash on exercise of share options	**78**	5
At 31 December 2009	**153,099**	9,186

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 two share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (note 27).

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 it own shares. During the year the Company did not repurchase any of its own shares for cancellation (2008: 5,378,000).

26 Authorised and issued capital and reserves continued

Own shares held

Own shares held comprise the following:

i) Computacenter Employee Share Ownership Plan

Shares in the parent undertaking comprise 4,998,011 (2008: 5,813,066) 6 pence ordinary shares of Computacenter plc purchased by the Computacenter Employee Share Ownership Plan ('the Plan'). The number of shares held represents 3.3 per cent (2008: 3.8 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 6p 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 4,998,011 shares that it owns which are all unallocated shares.

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

The total shares held are 730,565 (2008: 743,708), which represents 0.5 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 2009 was £1,829,000 (2008: £669,000). The Quest Trustees have waived dividends in respect of all of these shares. During the year the Quest did not subscribe for any new 6p ordinary shares.

Foreign currency translation reserve

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

27 Share-based payments

Executive share option scheme

During the year, options were exercised with respect to 115,000 6 pence ordinary shares at a nominal value of £6,900 at an aggregate premium of £283,075. No options were exercised in 2008.

Under the Computacenter Employee Share Option Scheme 1998 and the Computacenter Services Group Executive Share Scheme, options in respect of 1,385,383 shares lapsed.

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

Date of grant	Exercisable between	Exercise price	**2009 Number outstanding**	2008 Number outstanding
01/04/1999	01/04/2002–31/03/2009	565.00p	**–**	50,620
05/05/1999	05/05/2002–04/05/2009	565.00p	**–**	113,795
24/08/1999	24/08/2003–23/08/2009	565.00p	**–**	13,724
27/09/2000	27/09/2003–26/09/2010	380.00p	**169,000**	214,000
19/09/2001	19/09/2004–18/09/2011	245.00p	**–**	12,244
19/09/2001	19/09/2005–18/09/2011	245.00p	**50,000**	50,000
19/09/2001	19/09/2006–18/09/2011	245.00p	**50,000**	50,000
10/04/2002	10/04/2005–09/04/2012	322.00p	**203,816**	213,816
10/04/2002	10/04/2005–09/04/2012	331.00p	**45,000**	45,000
21/03/2003	21/03/2006–20/03/2013	266.50p	**62,500**	77,500
02/04/2004	02/04/2007–01/04/2014	424.00p	**45,000**	295,000
24/10/2006	24/10/2009–23/10/2016	250.00p	**1,674,800**	2,279,600
17/04/2007	17/04/2010–16/04/2017	285.00p	**225,200**	570,400
23/10/2007	23/10/2010–22/10/2017	204.00p	**–**	40,000
			2,525,316	4,025,699

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 206,367 options lapsed. No options were granted during the course of the year.

At 31 December 2009 the number of shares under outstanding options was as follows:

Date of grant	Exercisable between	Exercise price	**2009 Number outstanding**	2008 Number outstanding
10/04/2002	10/04/2005–09/04/2012	322.00p	**189,440**	189,440
02/04/2004	02/04/2007–01/04/2014	424.00p	**–**	206,367
			189,440	395,807

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

	2009 No.	**2009 WAEP**	2008 No.	2008 WAEP
Executive share option scheme				
Outstanding at the beginning of the year[1]	**4,025,699**	**£2.93**	5,588,495	£2.94
Granted during the year	**–**	**–**	40,000	£1.24
Forfeited during the year	**(1,385,383)**	**£3.34**	(1,602,796)	£2.93
Exercised during the year[2]	**(115,000)**	**£2.52**	–	–
Outstanding at the end of the year	**2,525,316**	**£2.72**	4,025,699	£2.93
Exercisable at the end of the year	**2,300,116**	**£2.71**	1,135,699	£3.86

Notes

1 Included within this balance are options over 517,816 (2008: 763,199) 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 £3.20.

27 Share-based payments continued

The weighted average remaining contractual life for the share options outstanding as at 31 December 2009 is 5.7 years (2008: 6.5 years).

	2009 No.	**2009 WAEP**	2008 No.	2008 WAEP
Computacenter performance related share option scheme				
Outstanding at the beginning of the year[1]	**395,807**	**£3.75**	1,197,546	£3.17
Forfeited during the year	**(206,367)**	**£4.24**	(801,739)	£2.88
Outstanding at the end of the year	**189,440**	**£3.22**	395,807	£3.75
Exercisable at the end of the year	**189,440**	**£3.22**	395,807	£3.75

Notes
1 Included within this balance are options over 189,440 (2008: 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 for the share options outstanding as at 31 December 2009 is 2.3 years (2008: 4.3 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 3,029,337 (2008: 1,635,160) shares were awarded, 1,216,601 (2008: 177,594) were exercised and 383,260 (2008: 363,146) lapsed.

At 31 December 2009 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	**2009 Number outstanding**	2008 Number outstanding
12/04/2006	01/04/2009	245.00p	**–**	1,077,769
10/05/2006	01/04/2009	254.00p	**–**	7,870
17/04/2007	01/04/2009	285.25p	**35,526**	103,539
17/04/2007	01/04/2010	285.25p	**739,529**	896,442
17/03/2008	17/03/2010	187.00p	**180,347**	180,347
17/03/2008	01/04/2011	187.00p	**1,117,942**	1,358,530
13/03/2009	13/03/2012	126.50p	**1,323,685**	–
13/03/2009	13/03/2011	126.50p	**156,944**	–
20/03/2009	20/03/2012	123.00p	**1,500,000**	–
			5,053,973	3,624,497

The weighted average share price at the date of exercise for the options exercised is £1.28 (2008: £1.66).

The weighted average remaining contractual life for the options outstanding as at 31 December 2009 is 2.4 years (2008: 1.3 years).

Computacenter Sharesave Scheme

The Company operates a Sharesave Scheme which is available to all employees and full time Executive Directors of the Company and its subsidiaries who have worked for a qualifying period. All options granted under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. During the year 585,766 options were granted with a fair value of £543,319. No options were granted during the year to 31 December 2008.

27 Share-based payments continued

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

Date of grant	Exercisable between	Share price	2009 Number outstanding	2008 Number outstanding
October-2003	01/12/2008–31/05/2009	395.00p	**–**	108,452
October-2003	01/12/2008–31/05/2009	417.00p	**–**	9,165
October-2004	01/12/2008–31/05/2009	316.00p	**–**	11,260
October-2004	01/12/2009–31/05/2010	335.00p	**64,421**	83,949
October-2005	01/12/2008–31/05/2009	222.00p	**–**	459,067
October-2005	01/12/2010–31/05/2011	222.00p	**81,894**	100,471
October-2006	01/12/2009–31/05/2010	254.00p	**131,409**	200,622
October-2006	01/12/2011–31/05/2012	254.00p	**65,818**	95,273
October-2007	01/12/2010–31/05/2011	178.00p	**1,101,273**	1,347,508
October-2007	01/12/2012–31/05/2013	178.00p	**570,565**	628,130
October-2009	01/12/2012–31/05/2013	320.00p	**407,336**	–
October-2009	01/12/2014–31/05/2015	320.00p	**173,248**	–
			2,595,964	3,043,897

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

	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Sharesave scheme				
Outstanding at the beginning of the year	**3,043,897**	**£2.13**	4,164,980	£2.13
Granted during the year	**585,766**	**£3.20**	–	–
Forfeited during the year	**(970,622)**	**£2.36**	(1,121,083)	£2.29
Exercised during the year[1]	**(63,077)**	**£2.31**	–	–
Outstanding at the end of the year	**2,595,964**	**£2.21**	3,043,897	£2.13
Exercisable at the end of the year	**195,830**	**£2.81**	587,944	£2.59

Notes

1 The weighted average share price at the date of exercise for the options exercised is £2.68.

27 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 table gives the assumptions made during the year ended 31 December 2009 and 31 December 2008:

Sharesave scheme

Nature of the arrangement	LTIP performance share plan	LTIP performance share plan	LTIP performance share plan	SAYE scheme	SAYE scheme
Date of grant	20/03/09	13/03/09	13/03/09	29/10/09	29/10/09
Number of instruments granted	1,500,000	156,944	1,372,393	409,604	176,162
Exercise price	£nil	£nil	£nil	£3.20	£3.20
Share price at date of grant	£1.23	£1.27	£1.27	£2.94	£2.94
Contractual life (years)	3	3	3	3	5
Vesting conditions	See note 10 on page 38 in the Directors' remuneration report	See note 9 on page 38 in the Directors' remuneration report	See note 9 on page 38 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	53.80%	48.90%
Expected option life at grant date (years)	3	3	3	3	5
Risk-free interest rate	n/a	n/a	n/a	2.80%	2.80%
Dividend yield	6.67%	6.48%	6.48%	2.79%	2.79%
Fair value per granted instrument determined at grant date	£0.99	£1.10	£1.02	£0.90	£1.00

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

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

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

28 Analysis of changes in net (debt)/funds

	At 1 January 2009 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	**At 31 December 2009 £'000**
Cash and cash equivalents	46,889	58,598	–	(533)	**104,954**
Other loans non-CSF	–	(3,705)	–	–	**(3,705)**
Factor financing	(42,280)	25,600	–	1,834	**(14,846)**
Net funds excluding customer-specific financing	4,609	80,493	–	1,301	**86,403**
Customer-specific finance leases	(55,191)	21,056	(10,163)	1,731	**(42,567)**
Customer-specific other loans	(34,009)	27,496	–	25	**(6,488)**
Total customer-specific financing	(89,200)	48,552	(10,163)	1,756	**(49,055)**
Net (debt)/funds	(84,591)	129,045	(10,163)	3,057	**37,348**

	At 1 January 2008 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	**At 31 December 2008 £'000**
Cash and cash equivalents	7,266	40,185	–	(562)	**46,889**
Factor financing	(23,453)	(12,763)	–	(6,064)	**(42,280)**
Net funds excluding customer-specific financing	(16,187)	27,422	–	(6,626)	**4,609**
Customer-specific finance leases	(47,642)	25,713	(27,657)	(5,605)	**(55,191)**
Customer-specific other loans	(15,975)	(17,977)	–	(57)	**(34,009)**
Total customer-specific financing	(63,617)	7,736	(27,657)	(5,662)	**(89,200)**
Net debt	(79,804)	35,158	(27,657)	(12,288)	**(84,591)**

29 Adjusted management cash flow statement

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

1) Factor financing is not included within the statutory definition of cash and cash equivalents, but 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 and is also offset within working capital.

	2009 £'000	2008 £'000
Adjusted profit before taxation	**54,225**	43,107
Net finance income	**(302)**	(963)
Depreciation and amortisation	**17,695**	18,055
Share-based payment	**2,555**	2,525
Working capital movements	**65,337**	16,306
Other adjustments	**(1,567)**	(186)
Adjusted operating cash inflow	**137,943**	72,792
Net interest received	**1,149**	659
Income taxes paid	**(17,500)**	(6,052)
Capital expenditure and investments	**(21,294)**	(24,313)
Acquisitions and disposals	**(6,775)**	–
Equity dividends paid	**(12,514)**	(12,021)
Cash inflow before financing	**81,009**	37,117
Financing		
Proceeds from issue of shares	**44**	–
Purchase of own shares	**(560)**	(9,695)
Increase in net funds excluding CSF in the period	**80,493**	27,422

Increase in net funds excluding CSF	**80,493**	27,422
Effect of exchange rates on net funds excluding CSF	**1,301**	(6,626)
Net funds/(debt) excluding CSF at beginning of period	**4,609**	(16,187)
Net funds excluding CSF at end of period	**86,403**	4,609

30 Capital commitments

At 31 December 2009 and 31 December 2008 the Group held no significant commitments for capital expenditure.

31 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.

Overview
Business review
Governance
Financial statements

32 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	10	925	–	–

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)

Please refer to the information given in the Directors' remuneration table in the Directors' Remuneration Report on page 37 for details of compensation given to the Group's key management personnel. There are no other key management personnel.

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 web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COMPUTACENTER PLC

We have audited the Parent Company financial statements of Computacenter plc for the year ended 31 December 2009 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 44, 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 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.

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 2009
- 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.

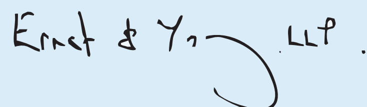
Matters on which we are required to report by exception

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 2009.



Peter Bateson (Senior statutory auditor)

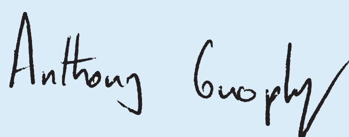
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
10 March 2010

COMPANY BALANCE SHEET

As at 31 December 2009

	Note	**2009 £'000**	2008 £'000
Fixed assets			
Intangible assets	2	**118,721**	127,221
Tangible assets	3	**26,947**	28,563
Investments	4	**159,323**	156,746
		304,991	312,530
Current assets			
Debtors	5	**90,126**	90,259
Cash at bank and in hand		**17**	13
		90,143	90,272
Creditors: Amounts falling due within one year	6	**146,364**	135,207
Net current liabilities		**(56,221)**	(44,935)
Total assets less current liabilities		**248,770**	267,595
Creditors: amounts falling due after more than one year	7	**35,704**	44,704
Provisions for liabilities and charges	8	**436**	612
Total assets less liabilities		**212,630**	222,279
Capital and reserves			
Called up share capital	9	**9,186**	9,181
Share premium account	9	**2,929**	2,890
Capital redemption reserve	9	**74,950**	74,950
Merger reserve	9	**55,990**	55,990
Own shares held		**(7,696)**	(9,208)
Profit and loss account	9	**77,271**	88,476
Equity shareholders' funds		**212,630**	222,279

Approved by the Board on 10 March 2010



MJ Norris
Chief Executive

FA Conophy
Finance Director

Overview

Business review

Governance

Financial statements

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2009

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 10 March 2010. 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 £826,000 (2008: £38,984,000). 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 land and 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 2009 and 31 December 2009	**169,737**
Amortisation	
At 1 January 2009	42,516
Charge in the year	8,500
At 31 December 2009	**51,016**
Net book value	
At 31 December 2009	**118,721**
At 31 December 2008	127,221

3 Tangible assets

	Freehold land and buildings £'000
Cost	
At 1 January 2009 and 31 December 2009	**42,350**
Depreciation	
At 1 January 2009	13,787
Charge in the year	1,616
At 31 December 2009	**15,403**
Net book value	
At 31 December 2009	**26,947**
At 31 December 2008	28,563

4 Investments

	Investments in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Investment £'000	Total £'000
Cost				
At 1 January 2009	**225,501**	**2,754**	**25**	**228,280**
Additions	431	–	–	431
Share-based payments	2,555	–	–	2,555
At 31 December 2009	**228,487**	**2,754**	**25**	**231,266**
Amounts provided				
At 1 January 2009	**68,755**	**2,754**	**25**	**71,534**
During the year	409	–	–	409
At 31 December 2009	**69,164**	**2,754**	**25**	**71,943**
Net book value				
At 31 December 2009	**159,323**	**–**	**–**	**159,323**
At 31 December 2008	156,746	–	–	156,746

Details of the principal investments at 31 December in which the Company holds more than 20 per cent of the nominal value of ordinary share capital are given in the Group accounts in note 15.

5 Debtors

	2009 £'000	2008 £'000
Amount owed by subsidiary undertaking	**90,000**	90,000
Other debtors	**126**	259
	90,126	90,259

6 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amount owed to subsidiary undertaking	**145,853**	135,207
Accruals	**137**	–
Corporation tax	**374**	–
	146,364	135,207

7 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Deferred income	**35,704**	44,704

8 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 January 2009	**612**
Capital allowances in advance of depreciation	(176)
At 31 December 2009	**436**

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 2008	**9,504**	**2,890**	**74,627**	**(9,419)**	**55,990**	**68,596**	**202,188**
Exercise of options	–	–	–	298	–	–	298
Total recognised gains and losses in the year	–	–	–	–	–	38,984	38,984
Purchase of own shares	–	–	–	(9,695)	–	–	(9,695)
Share options granted to employees of subsidiary companies	–	–	–	–	–	2,525	2,525
Cancellation of own shares	(323)	–	323	9,608	–	(9,608)	–
Equity dividends	–	–	–	–	–	(12,021)	(12,021)
At 31 December 2008	**9,181**	**2,890**	**74,950**	**(9,208)**	**55,990**	**88,476**	**222,279**
Shares issued	5	39	–	–	–	–	44
Exercise of options	–	–	–	2,072	–	(2,072)	–
Total recognised gains and losses in the year	–	–	–	–	–	826	826
Purchase of own shares	–	–	–	(560)	–	–	(560)
Share options granted to employees of subsidiary companies	–	–	–	–	–	2,555	2,555
Equity dividends	–	–	–	–	–	(12,514)	(12,514)
At 31 December 2009	**9,186**	**2,929**	**74,950**	**(7,696)**	**55,990**	**77,271**	**212,630**

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 £6,715,000 (2008: £24,451,000), and to a customer of a subsidiary undertaking for an amount not exceeding £13,333,00 (2008: £14,507,000).

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 £3,063,000 (2008: £6,483,000).

11 Related party transactions

The Company has taken the exemption in FRS 8 not to disclose transactions with other Group Companies.

The Company has not traded with any of the related parties disclosed in note 32 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

	2005 £m	2006 £m	2007 £m	2008 £m	**2009 £m**
Revenue	2,285.2	2,269.9	2,379.1	2,560.1	**2503.2**
Adjusted* operating profit	28.9	33.3	41.7	42.1	**53.9**
Adjusted* profit before tax	35.7	38.0	42.7	43.1	**54.2**
Profit for the year	20.4	18.9	28.9	37.3	**37.7**
Adjusted* diluted earnings per share	11.8p	13.8p	18.5p	21.0p	**27.7p**
Net cash/(debt) excluding CSF	101.0	29.4	(16.2)	4.6	**86.4**
Year-end headcount	9,370	9,328	9,877	10,220	**10,296**

* Before amortisation of acquired intangibles and exceptional items. Adjusted operating profit is stated after charging finance costs on customer-specific financing. In 2008 and 2009 adjusted diluted EPS also excludes the effects of exceptional items within the tax charge for the year.

GROUP SUMMARY BALANCE SHEET

Year ended 31 December

	2005 £m	2006 £m	2007 £m	2008 £m	**2009 £m**
Tangible assets	81.6	84.9	116.4	123.3	**105.3**
Intangible assets	9.5	9.9	45.2	51.6	**73.0**
Investments	0.3	–	–	–	**–**
Deferred tax asset	5.5	6.2	8.2	16.7	**16.4**
Inventories	100.2	94.6	110.5	105.8	**67.1**
Trade and other receivables	383.0	427.3	454.2	529.5	**475.6**
Prepayments and accrued income	63.5	50.4	61.4	97.7	**85.3**
Forward currency contracts	0.2	0.1	(0.4)	(0.6)	**0.7**
Cash	164.8	77.9	29.2	53.4	**108.0**
Current liabilities	(461.9)	(459.8)	(496.1)	(602.6)	**(557.5)**
Non-current liabilities	(16.0)	(26.4)	(50.4)	(53.6)	**(35.5)**
Net assets	330.7	265.2	278.1	321.1	**338.6**

FINANCIAL CALENDAR

Title	Date
Dividend record date	19 March 2010
Dividend payment date	1 April 2010
AGM	14 May 2010
Interim results announcement	27 August 2010
Dividend record date	17 September 2010
Dividend payment date	15 October 2010

CORPORATE INFORMATION

Board of Directors
Greg Lock (Non-Executive Chairman)
Mike Norris (Chief Executive)
Tony Conophy (Finance Director)
Cliff Preddy (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

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