



Our people



Our communities



Our customers



Our Technology Providers

Computacenter plc Annual Report and Accounts 2019

ENABLING SUCCESS

Computacenter at a glance

CENTRED AROUND OUR CUSTOMERS

Who we are

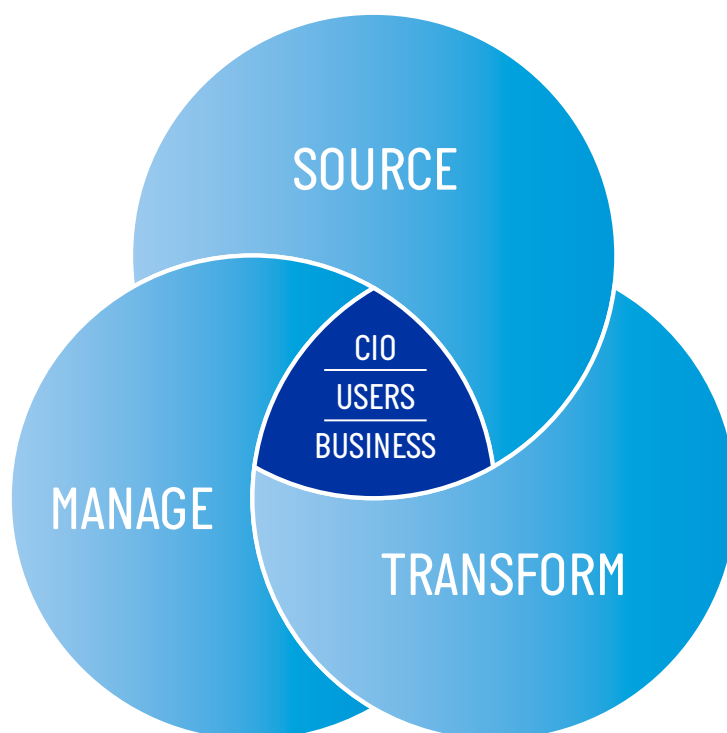
Computacenter is a leading independent technology partner trusted by large corporate and public sector organisations.

What we do

We help our customers to Source, Transform and Manage their technology infrastructure to deliver digital transformation, enabling users and their business.

Our ambition

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



REVENUE CHARACTERISTICS

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

SOURCE: Technology Sourcing

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

Revenue characteristics

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

TRANSFORM: Professional Services

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

Revenue characteristics

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

MANAGE: Managed Services

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

Revenue characteristics

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

Technology Sourcing revenue +20.3%
£m

3,822.2

2019	3,822.2
2018	3,177.6
2017	2,636.2
2016	2,207.5
2015	2,067.1

Professional Services revenue +13.7%
£m

366.1

2019	366.1
2018	321.9
2017	319.2
2016	274.2
2015	262.8

Managed Services revenue +1.3%
£m

864.5

2019	864.5
2018	853.1
2017	838.0
2016	763.7
2015	727.7

OUR PURPOSE

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

We're proud of what we've achieved



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

By acting with pace and confidence



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

But we could be even better



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

And together, becoming the best



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

We can help our customers deliver faster



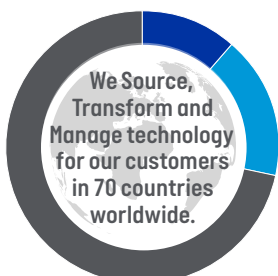
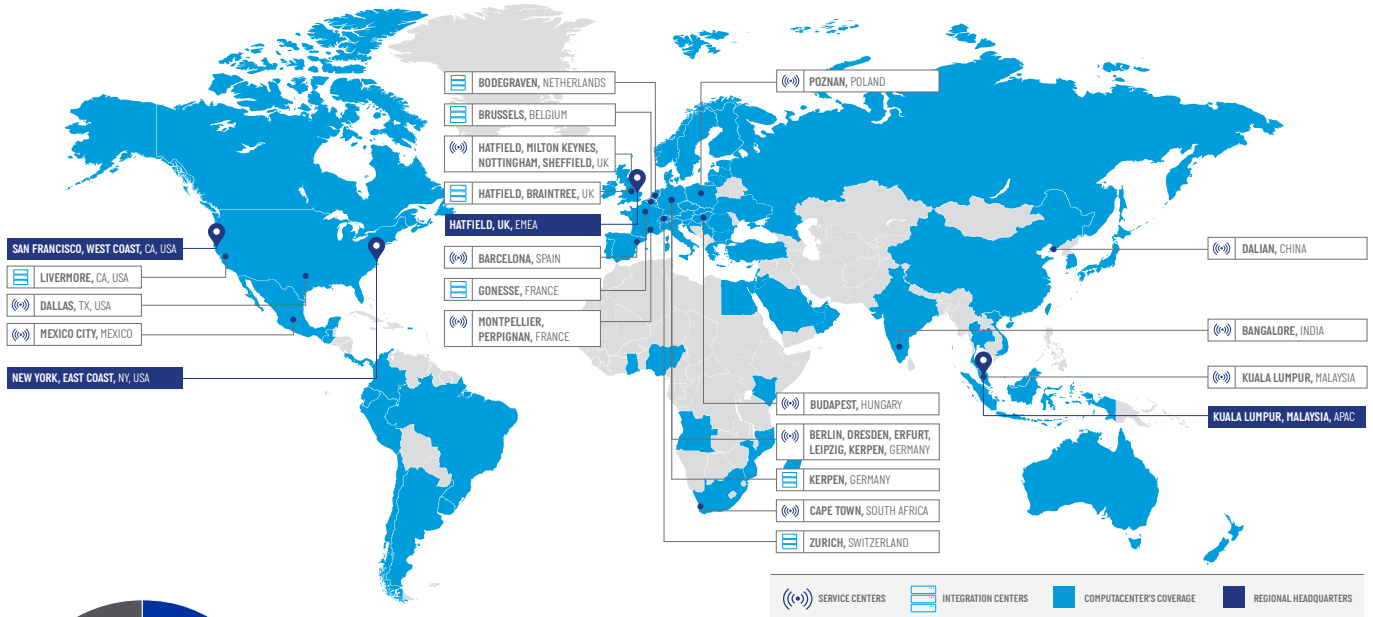
Our customers can be confident in our skills and solutions. They can trust our independence and experience. Our partners can rely on our reach and scale. This means we can help customers make wise choices in a complex and changing world.

We'll be the trusted enablers of success



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

WORLDWIDE REACH AND CUSTOMER FOCUS



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

We also have operations/entities in another 12 countries
 Hungary | Poland | India | Mexico | China
 Malaysia | Japan | Australia | Hong Kong
 Singapore | Canada | South Africa

We source for and support customers in another 49 countries

2019 Highlights

Revenue £m **16.1%**

5,052.8

2019	5,052.8
2018	4,352.6
2017	3,793.4
2016	3,245.4
2015	3,057.6

Statutory profit before tax £m **30.4%**

141.0

2019	141.0
2018	108.1
2017	111.7
2016	87.1
2015	126.8

Statutory diluted earnings per share Pence **27.0%**

89.0

2019	89.0
2018	70.1
2017	66.5
2016	52.3
2015	82.1

Dividend per share Pence **22.1%**

37.0

2019	37.0
2018	30.3
2017	26.1
2016	22.2
2015	21.4

Adjusted¹ profit before tax £m **23.8%**

146.3

2019	146.3
2018	118.2
2017	106.2
2016	86.4
2015	87.2

Adjusted¹ diluted earnings per share Pence **22.2%**

92.5

2019	92.5
2018	75.7
2017	65.1
2016	54.0
2015	53.6

The result has benefited from £857.6 million of revenue (2018: £270.9 million), and £6.5 million of adjusted¹ profit before tax (2018: £2.2 million), resulting from the acquisitions made since 30 June 2018. All figures reported throughout this Annual Report and Accounts include the results of the acquired entities.

The Group has adopted IFRS 16 from 1 January 2019 which has resulted in changes in accounting policies and adjustments to the amounts recognised in the Financial Statements. Importantly, and in accordance with the modified retrospective approach, the comparative results for the year ended 31 December 2019 have not been restated under the accounting policies adopted as a result of transition to IFRS 16. The current year's results include an overall decrease in profitability before tax of £1.7 million on both a statutory and an adjusted¹ basis, due to the impact of IFRS 16 which has seen increased interest costs exceed the net of increased depreciation and reduced rental costs, due to the timing difference effect of the new accounting standard. An analysis of the impact of transition is presented in note 2 summary of significant accounting policies on page 128 of this Annual Report and Accounts. Further information on the implementation of, and transition to, IFRS 16 is included within the Group Finance Director's Review on page 58 of this Annual Report and Accounts.

A reconciliation between key adjusted¹ and statutory measures is provided on page 53 of the Group Finance Director's Review. Further details are provided in note 4 to the Consolidated Financial Statements, segment information.

- Adjusted operating profit or loss, adjusted net finance income or expense, adjusted profit or loss before tax, adjusted tax, adjusted profit or loss, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items including gain or losses on business acquisitions and disposals, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management do not consider these items when reviewing the underlying performance of the Segment or the Group as a whole. Prior to the adoption of IFRS 16, adjusted gross profit or loss and adjusted operating profit or loss included the interest paid on customer-specific financing (CSF) which Management considered to be a cost of sale. A reconciliation between key adjusted and statutory measures is provided on page 53 of the Group Finance Director's Review which details the impact of exceptional and other adjusted items when compared to the non-Generally Accepted Accounting Practice financial measures in addition to those reported in accordance with IFRS. Further detail is provided within note 4 to the Consolidated Financial Statements, segment information.
- We evaluate the long-term performance and trends within our Strategic Priorities on a constant currency basis. Further, the performance of the Group and its overseas Segments are shown, where indicated, in constant currency. The constant

currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information gives valuable supplemental detail regarding our results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our prior-year local currency financial results using the current year average exchange rates and comparing these recalculated amounts to our current year results or by presenting the results in the equivalent local currency amounts. Wherever the performance of the Group, or its overseas Segments, are presented in constant currency, or equivalent local currency amounts, the equivalent prior-year measure is also presented in the reported pound sterling equivalent using the exchange rates prevailing at the time. 2019 highlights, as shown above, and statutory measures, are provided in the reported pound sterling equivalent.

- Adjusted net funds or adjusted net debt includes cash and cash equivalents, other short or long-term borrowings and current asset investments. Following the adoption of IFRS 16 this measure excludes all lease liabilities. CSF balances which were previously included within this measure are now also excluded as they form part of lease liabilities. A table reconciling this measure, including the impact of finance lease liabilities, is provided within note 31 to the Consolidated Financial Statements, analysis of changes in net funds.

Some highlights from 2019

New Chairman and Non-Executive Directors



See page 70

Group ERP into Netherlands



See page 51

New 1,000 seat facility for Cape Town Service Center



See page 21

New Germany Headquarters and Integration Center in Kerpen



See page 18

Reducing environmental impact



See page 28

Updated Go To Market propositions



See page 6

New global Human Resources system



See page 24

US integration



See page 48

ENABLING SUCCESS

by building long-term trust

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

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

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

Strategic Report

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BUILDING A BUSINESS THAT DELIVERS WHAT IT PROMISES

**Computacenter's
success has
always been driven
by the effort, talent
and dedication of
its people.**

**Peter Ryan
Chairman**



This is my first statement since succeeding Greg Lock as Chairman in May 2019. Firstly, I would like to thank Greg, on behalf of both the Board and the Company, for his service and impact over the 11 years of his tenure as Chairman of the Board.

I have spent this year learning more about our business by engaging with key members of senior management and our stakeholders. Computacenter's success has always been driven by the effort, talent and dedication of its people. As I get to know the culture and values that our employees live by, I am continuously impressed by their passion for Our Purpose. I, along with all of the Board, would like to thank the team for their contribution to our record-breaking year.

The CEO, Mike Norris, and I visited a number of our USA Technology Providers. I came away pleased by the Company's reputation with these key stakeholders.

Enabling Success

This has been a year of strong progress for Computacenter. Revenues surpassed £5 billion for the first time, with the 2018 acquisitions contributing £586.6 million of the £700.2 million of revenue growth. Our USA acquisition, FusionStorm, performed significantly better in the second half of the year, after we made some adjustments and learned how to drive the business. The overall progress across the Company in the year was very pleasing, with an increase in statutory profit before tax of 30.4 per cent to £141.0 million (2018: £108.1 million), following revenue growth of 16.1 per cent to £5,052.8 million. The Group's adjusted¹ profit before tax increased by 23.8 per cent to £146.3 million (2018: £118.2 million) and by 24.9 per cent in constant currency².

Statutory diluted earnings per share (EPS) increased by 27.0 per cent to 89.0 pence for the year (2018: 70.1 pence). Adjusted¹ diluted earnings per share grew 22.2 per cent to 92.5 pence (2018: 75.7 pence). In line with our policy of paying a dividend that is covered between 2.0 and 2.5 times by adjusted¹ diluted earnings per share, we propose to pay a final dividend of 26.9 pence per share, bringing our full-year dividend to 37.0 pence per share, an increase of 22.1 per cent.

We continue to monitor our growing adjusted net funds³, which reached £137.1 million at the end of the year. The Board reviews investment opportunities to ensure these remain aligned strategically with Our Purpose of Enabling Success and, if none are suitable, will look to return excess capital to shareholders at the appropriate time.

The Board in 2019

There have been several changes to the Board's composition this year, in addition to the Chairmanship transition.

Regine Stachelhaus retired from the Board at the AGM on 16 May 2019. On the same day, Ljiljana Mitic was appointed to the Board. Ljiljana brings expertise in large technology enterprises operating in our Western European geographies, particularly France and Germany. This ensures that we continue to have a European voice on the Board with experience in our Services sector.

We were pleased to announce the appointment of Rene Haas, a US citizen, on 20 August 2019. He has global experience with a US focus and can bring his insights into the leading edge of long-term technological thinking. He is currently President, IP Products Group, at Arm Limited.

Rene's appointment returned the Board to its full complement of independent Non-Executive Directors.

The independent external evaluator who facilitated our recent Board evaluation noted that whilst the Board was collegiate in its approach, Members provided real challenge to Management in an open environment.

Our continued commitment to sustainability

During the year, the Board has addressed a variety of areas of the Company's approach to sustainability.

Whilst our footprint remains small compared to those of our Technology Providers and customers, we hope to make a difference to the overall impact of the IT industry by continuing to focus on and improve our impact on the environment in our part of the supply chain.

The Board agrees that it is both the right thing to do morally and a business imperative, to be able to support our customers' increasing efforts to improve the sustainability of their businesses.

We have also increased the targets for gender diversity across all levels of the organisation and set the Executive Directors and senior management specific measurable objectives in this area.

The year ahead

Before addressing the coming year, we need to acknowledge the unprecedented levels of change in both the external and internal operating environments for Computacenter in 2019. In nearly all areas that touch our business, we have seen challenges stemming from change.

Governance and regulatory requirements have increased. The geopolitical impacts of Brexit, trade disputes and general elections in our key markets have all weighed on customer sentiment.

As we look to 2020, the pace of change, and the challenges that accompany that change, look set to increase even further. Our business model, to date, has proved resilient and helped us to weather these challenges effectively.

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

As the pace of change continues to accelerate, we must continue to adapt just to keep up. Trust from our stakeholders remains paramount to our success and we can achieve that by always delivering on our existing commitments and by evolving our offer to lead the industry through the changes and challenges ahead.

For nearly 40 years, Computacenter has endured and adapted. Mike continues to lead the management team along with Tony, and they remain true survivors of the industry. They, the Board, and the rest of the senior management team, still feel the energy and excitement of the opportunities ahead.

This has been a landmark year for Computacenter, both in terms of the results we are announcing and our progress with strengthening the Company, to enable the success of our stakeholders.

Peter Ryan
Chairman

11 March 2020

**I would like to thank
our customers for
the trust they have
in us.**

Mike Norris
Chief Executive Officer



In the 25 years I have been running Computacenter as Chief Executive, 2019 has been the best financial performance. Many of the trends that we have seen for the last few years have continued, as our customers have invested in digitising their businesses in order to enhance their competitiveness. In addition to our customers' investment, we significantly improved our execution in 2019 when compared to 2018, which translated to enhanced performance of our bottom line. The problem contracts that hindered our performance in 2018 have materially improved and not been replicated elsewhere.

Within our Professional Services business, there is a war for talent in many of the technologies we are involved in. While this presents challenges, it is clearly preferable to the opposite situation, where you have more resources than the market needs. Our customers continually turn to Computacenter to augment their own IT functions, as the business need to deploy new technologies continues apace.

Our customers will always look to strike a balance between the support and service they deliver to their user community, and the cost of delivering such services. Customers always want to reduce the cost over time, which makes our Managed Services business challenging, because inherently it is driven by this ongoing drive for efficiency, to produce gains which are deflationary to the business as a whole. However, this creates an opportunity to develop competitive advantage, which in turn leads to market share gain and superior economics, which drive the business forward. Across our established customer base of large organisations in Western Europe, we feel we have a strong competitive position, particularly around end user services, which will enable us to grow and expand our geographical footprint into other markets we serve.

In 2019, Technology Sourcing remained strong, as it has done for a few years. We made gains in our target market of large customers, as the superior alternative to customers buying directly from vendors. We achieve this by simplifying the procurement process, delivering multi-vendor solutions and integrating product closely with our service offerings. This enables us to take market share, both from our reseller competitors and by clearly demonstrating to our Technology Providers how delivering through Computacenter enhances their offering and simplifies their routes to market.

During 2019, we made progress in all of our geographies. In Germany we saw revenue growth despite the substantial reduction in spend from a customer that was our largest in 2018, with the top line enhanced by our success in the Public Sector. The success of the French financial performance is obvious to see and the expansion of the customer base, particularly in the private sector, bodes well for future stability, even though the 2019 performance will be challenging to repeat in the short term.

The UK, after a quiet couple of years, saw its largest contribution performance ever, beating the number in 2015. Within the rest of our European operations, the small but very successful acquisition of PathWorks in Switzerland was noteworthy, as was the successful implementation of our Group ERP system in the Netherlands business, which was acquired in 2018.

2019 was the first full year of operations for the USA Technology Sourcing business we acquired in 2018. While performance was somewhat subdued in the first half, it bounced back strongly in the second. Some of this enhanced performance was the result of genuinely better operational execution, as we learnt more about the acquired entity. However, some of the performance increase was simply down to the spend pattern of customers, which will have its ups and downs due to the nature of the business and the size of the customers.

After significant change to the management team towards the end of 2018, the only change of note during 2019 was the recruitment of our new Chief People Officer, Sarah Long. Sarah rejoined Computacenter after leaving the business approximately 10 years ago and brings with her knowledge and experience from elsewhere in the industry, as well as a deep understanding of Computacenter's culture.

I would like to thank our customers for the trust they have in us, which enables us to deliver for their businesses. Over many years, we have built a substantial base of customers who return to us again and again. We will never take this customer loyalty for granted and always strive to be the best we can, enabling them to achieve their business goals.

We are a people business, so we are only as good as the people we employ. I thank our staff for their commitment, not just in 2019, but for the 25 years it has been my privilege to lead them.

Mike Norris
Chief Executive Officer
11 March 2020

STRATEGIC PRIORITIES

Strategic Priority 1

TO LEAD WITH AND GROW OUR SERVICES BUSINESS

Strategic Priority 2

TO IMPROVE OUR SERVICES PRODUCTIVITY AND ENHANCE OUR COMPETITIVENESS

Strategic Priority 3

TO RETAIN AND MAXIMISE THE RELATIONSHIP WITH OUR CUSTOMERS OVER THE LONG TERM

Strategic Priority 4

TO INNOVATE OUR SERVICES OFFERINGS TO BUILD FUTURE GROWTH OPPORTUNITIES

EVOLVING A DIFFERENTIATED AND COMPLETE CUSTOMER OFFER

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

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

In this section

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



Members of the Group Development leadership team



Customer Experience Center – Hatfield, UK

OUR SERVICE CENTERS

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

Service Desk

Our goal is to provide a faster and smarter response to users. We deliver end-to-end user support, locally and globally, and provide a 'follow-the-sun' service. Our global Service Desks handle over 1.2 million contacts per month, using 20 languages, at a price point and quality tailored to meet customer priorities. We leverage analytics, chatbots and intelligent automation to improve our agent productivity and each end user's experience.

Remote Infrastructure Management

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

Maintenance & Network Support

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

Cyber Defence Center

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

OUR COMPLETE CUSTOMER OFFER

Our comprehensive capabilities help customers to Source, Transform and Manage digital technology across the domains of Workplace, Data & Analytics, Cloud & Data Center, Networking and Security.

Source

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

Transform

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

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


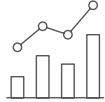



Manage

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

In the Workplace domain in particular, we increasingly sell a defined Managed Service, with related service-level agreements and either fixed or consumption-based pricing. Where customers want more flexibility or control, we also provide support and skills on a more transactional basis. Complementing our Technology Sourcing services, we offer a range of product lifecycle and Maintenance Services, often on a per-device basis.

OUR BREADTH OF SKILLS

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

Workplace	Data & Analytics	Cloud & Data Center	Networking	Security	
					
IT Strategy & Advisory Services					Transform
Technology Sourcing					Source
Transformation Services					Transform
Support & Maintenance Services					Manage
Managed Services					Manage

OUR STRATEGIC PROPOSITIONS

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



Digital Me **Digital Workplace**

Designed for people, engineered for business our Workplace solutions accelerate the digital agenda with agile solutions that unleash the power of people and enable business success. Our solutions are centred on people and are increasingly powered by analytics, AI and automation to reduce cost and provide a proactive digital experience.



Digital Power **Cloud & Data Center**

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



Digital Trust **Security**

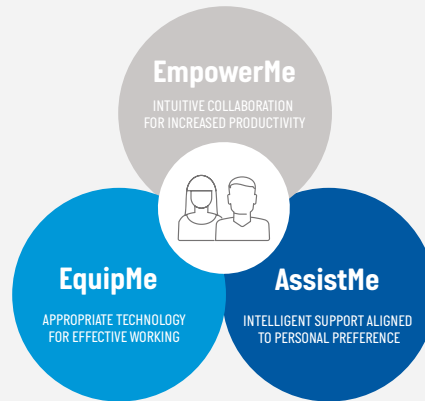
Our customers continue to face an ever-expanding cyber-threat landscape, with more demanding compliance requirements and a shortage of security talent to address it. We have the skills and partnerships to deliver complete Security solutions, helping our customers protect their data and information, secure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



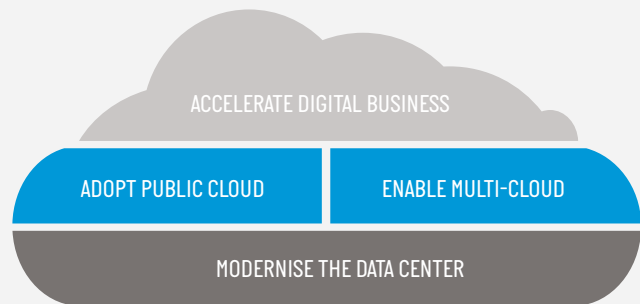
Digital Connect **Networking**

We provide Technology Sourcing, transformation and Managed Service expertise, with innovation and delivery across every aspect of Enterprise Networking for large corporates and Public Sector organisations; from business-critical Data Center, local & wide area wireless to industrial networks.

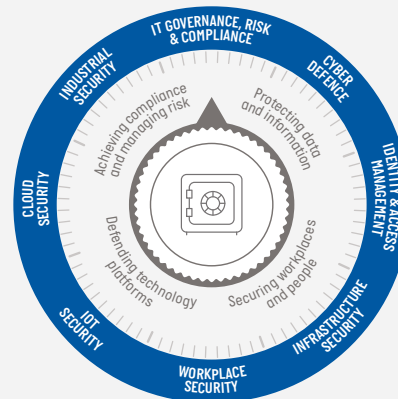
- EquipMe: Appropriate technology for effective working
 - Technology Sourcing
 - Modern Device Management
 - Application Lifecycle Management
- EmpowerMe: Intuitive collaboration for increased productivity
 - Collaboration Productivity
 - Smart Spaces
- AssistMe: Intelligent support aligned to personal preference
 - Service Desk
 - Smart On-site Services
 - Analytics & Automation



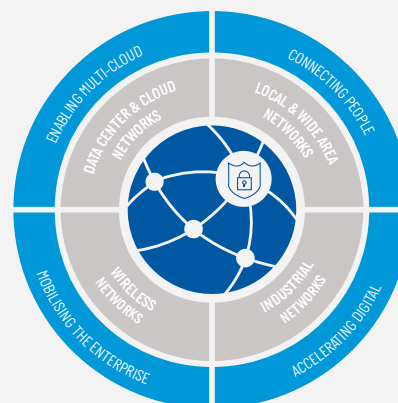
- Analytics and Big Data
- Service Management Platforms
- Cloud Native Platforms
- Multi-Cloud
- Public Cloud
- Server and Storage
- Converged and Hyperconverged Infrastructure
- Software-Defined Infrastructure and Networks
- Data Center Networks
- Next Generation Data Centers



- Cyber Defence Services
- Identity and Access Management
- Infrastructure Security
- Workplace Security
- IoT Security
- Cloud Security
- Industrial Security
- IT Governance, Risk and Compliance



- Software and automation are at the core of every future-proof network architecture
- Increasing demand for unrestricted access to Services and applications; anytime, anywhere
- Hybrid IT and Multi-Cloud becoming the norm for the Data Center
- Increasing regulatory requirements and accelerated demand for enterprise Security
- People, devices and everyday objects ['things'] connected, to increase collaboration and efficiency
- New devices and smart sensors necessitate a different approach to Networking



STAYING ABREAST OF CHANGES IN THE GLOBAL MARKET

Our customers need to respond faster and more effectively to business change. To stay competitive, they have to innovate and enrich the digital experiences of their users and customers.

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

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

In this section

- The global market
- The competitive market

Vendor Village at Group Kick-Off – Berlin, Germany

THE GLOBAL MARKET

Four major trends are shaping our markets worldwide.

Major trend 1:

The shift to digital

The requirement to connect the business directly to IT and for the IT function to understand how its services directly influence market share and profits continues to drive new ways of working, service delivery and productivity. Organisations are adopting new methods, such as Agile, Design Thinking and DevOps. They are also using technologies where service is primarily provided with or through software and augmented with analytics and Artificial Intelligence (AI). These changes result in increasing complexity. The pace of change is also rising with, for example, the proliferation of devices and apps with ever-shorter lifecycles. In addition, almost every digital innovation raises security and privacy risks that need to be tackled at the same time.

What this means for Computacenter

Being independent of our Technology Providers remains a key strength for us, due to our ability to assess our customers' business requirements and help them to select and integrate the appropriate solution and service model, in an increasingly complex environment. At the same time, we need to keep up with the pace of innovation, so that our offering remains relevant to our customers.

Example

"Through 2021, digital transformation initiatives will take large traditional enterprises, on average, twice as long and cost twice as much as anticipated." – Gartner, Top Strategic Predictions for 2020 and Beyond, October 2019

Major trend 2:

Multi-Cloud becomes the norm

Cloud services are the forefront of the IT market's transformation, with the cloud quickly becoming a mainstay for many businesses. Most of our customers are using cloud technology in some form or another and have embraced the initial benefits of increased pricing transparency and improved time to market for IT services. Maturing cloud adopters are now seeking

a balanced environment, with traditional data centers closely integrated with private and public clouds. Depending on regulatory requirements and data compliance, customers can then select the most suitable source for their specific workloads and applications.

What this means for Computacenter

Multi-Cloud and Hybrid IT represents a huge market opportunity for Computacenter, both for our Technology Sourcing and our Professional Services and Managed Services businesses. Customers are seeking our support to Source, Transform and Manage their Multi-Cloud environments. We are investing in new capabilities and our customers, including some hyperscalers, are already leveraging our existing investments and ability to integrate and deploy technology at scale and globally.

Example

"Although most organizations are integrating applications and services across service boundaries, we estimate approximately 15% of large enterprises have implemented hybrid cloud computing beyond this basic approach." – Gartner, Hype Cycle for Cloud Computing 2019, August 2019

Major trend 3:

Security risks become a business inhibitor

The accelerated adoption of new and sometimes immature technologies increases the risk of security and privacy breaches. Additionally, our customers have to react to regulatory requirements and security legislation, such as the European General Data Protection Regulation. To protect themselves from financial and reputational losses and to meet compliance requirements, customers often implement rigid and fragmented security concepts that inhibit innovation and fast reactions to market changes.

What this means for Computacenter

Our strong security practice, with more than 150 security consultants, represents a competitive advantage and differentiates us from some of our competitors. We help our customers to implement a holistic security concept, allowing them to stay ahead of criminal threats and remain compliant with regulatory requirements.

Example

"Companies that use enterprise customer data to improve the experiences of B2B clients of their products and services will see organizations choosing to opt out of data sharing due to concerns about anonymization, privacy, and accidental disclosure. In fact, 20% of enterprise customers will prohibit the use of their data for AI in 2020." – Forrester, Predictions 2020, 2019

Major trend 4:

Shortage of talent

The critical importance of digital technology to modern businesses means that demand for appropriately qualified people outstrips supply. This makes it more difficult for our customers to manage their IT services in-house, encouraging them to turn to providers, such as us, for support.

In addition, organisations will increasingly invest in automation and AI technologies to improve the productivity and efficiency of their existing workforce.

What this means for Computacenter

The shortage of people emphasises the importance of Computacenter having the right culture and values. Combined with an attractive workplace and exciting work for our customers, this helps us to attract and retain talent. Customers can also benefit from our broad technology skills, which include automation solutions such as Blue Prism and UiPath, as well as the ServiceNow consulting practice we built with the acquisition of TeamUltra.

Example

"By 2023, the number of people with disabilities employed will triple, due to AI and emerging technologies reducing barriers to access." – Gartner, Top Strategic Predictions for 2020 and Beyond, October 2019

See pages 24 to 27 for more on how we manage and develop our people.

THE COMPETITIVE MARKET

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

Market segments – Save to innovate

With IT budgets staying flat or growing very slowly, IT decision makers need to save on costs in order to fund new digital initiatives. Procurement departments push to reduce cost in existing contracts and legacy

platforms, which puts pressure on renewals and hence we continue to drive efficiencies in our scale operations to remain competitive. At the same time, we help CIOs to select, implement and manage technology platforms such as Multi-Cloud, big data and the Internet of Things, to become the foundation for new digital business models. Our ability to select the right solutions from a wide range of options, paired with our Security and Networking skills, put us in a good position to exploit these digital business markets.

Shifting buying centres

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

Substitutes

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

Partner ecosystems

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

Our Business Model and Differentiation

HOW WE CREATE SUSTAINABLE VALUE

Computacenter is a trusted technology partner to large corporate and Public Sector organisations. We help them to Source, Transform and Manage their digital technology to deliver digital transformation, enabling users and their business.

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



Members of the Group Executive team

Our customers

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

More information about how we create value is on pages 6 to 9.

Our people

Together, we have created a can-do culture where people matter and are encouraged to thrive. Computacenter employs over 16,000 people worldwide. This includes more than 5,000 engineers, 4,500 support staff in our Service Centers, 1,600 project and service managers and 1,500 consultants. Between them, our teams hold over 10,000 technical certifications. These service delivery teams are backed by the skills and experience of our sales and business services teams. Our aim is that people want to join and stay with us, be proud of our reputation, as we learn, earn and have fun.

More information about how we attract, retain and develop our people is on pages 24 to 27.

Our partners

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

More information about our partners and Technology Sourcing is on pages 16 to 19.

Our brand

Our brand and reputation are underpinned by our Winning Together values. We maintain a strong brand by: putting customers first, being straightforward, keeping promises and considering the long term, while understanding that people matter and inspiring success. Our goal is 'Enabling Success' by building long-term trust with our customers, people, Technology Providers and communities. We aim to be strongly recommended by customers for the way we help them achieve their goals ensuring customer referenceability. Where we make acquisitions, we usually transition the acquired business quickly to the Computacenter brand and embed our values.

More information about our values can be found on page 26.

Our infrastructure and physical assets

We have operations in 21 countries and source for and support customers across 70 countries worldwide. Our customers demand that our operations are delivered to high industry standards and we have a range of ISO certifications including ISO 2001, ISO 20001, ISO 14001 and ISO 27001.

Our Service Centers on the inside front cover map help us to support our Managed Services contracts and are underpinned by a common technology infrastructure to allow customers to be supported by multiple centers. In 2019, we opened new Service Centers in Perpignan, France and Bangalore, India.

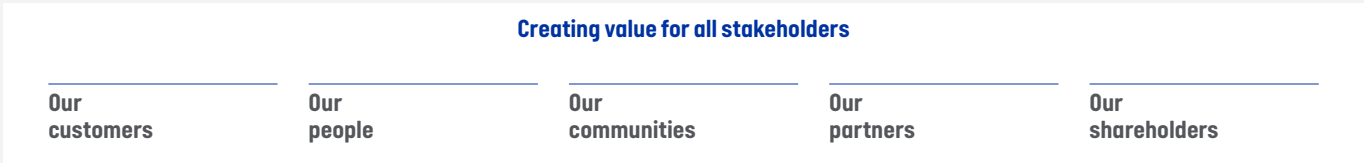
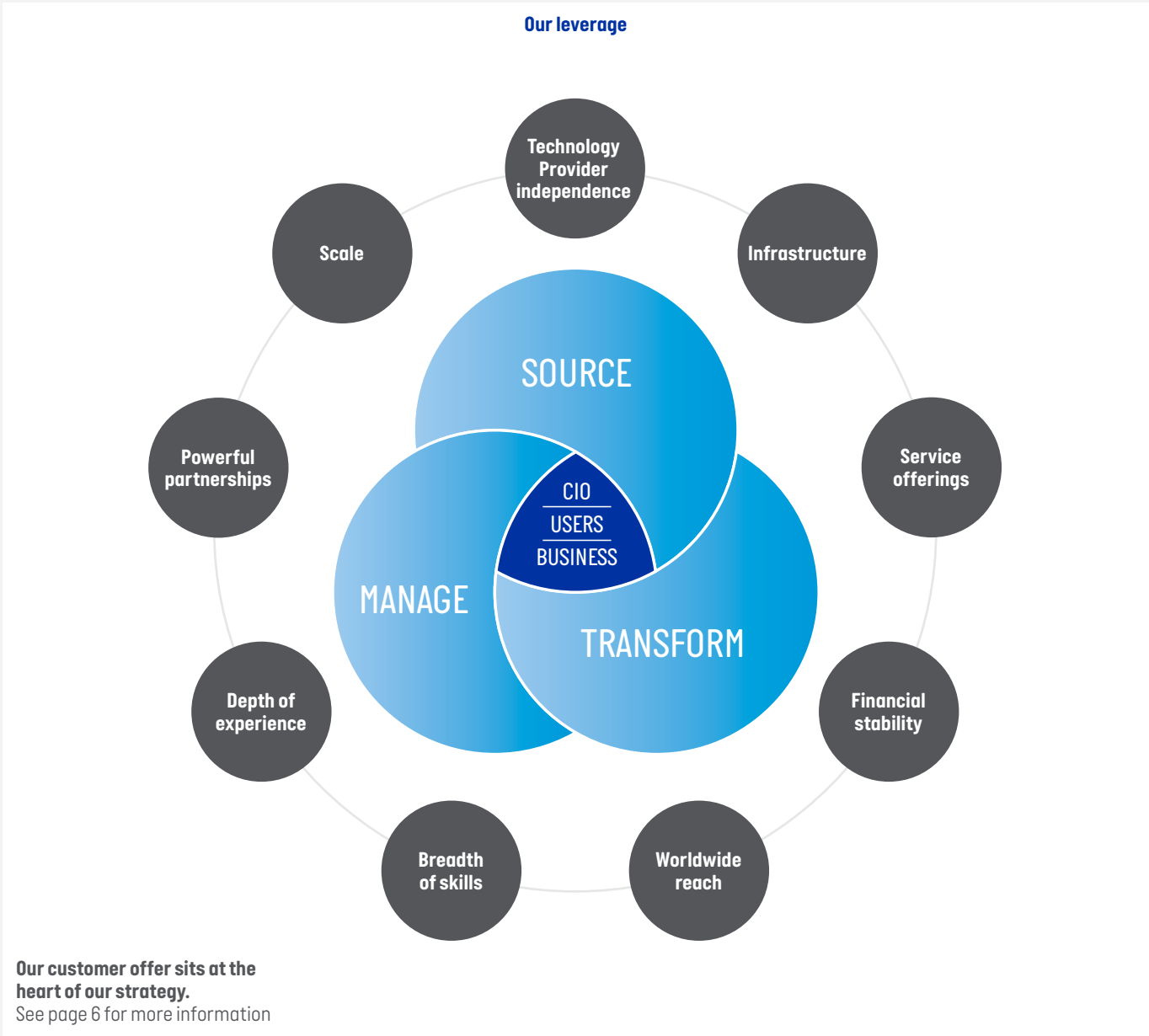
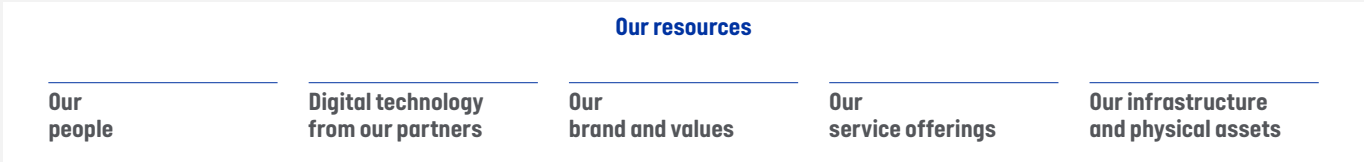
Our Integration Centers on the inside front cover map allow us to stage, test and integrate technology for our customers. Our new Kerpen Integration Center is designed using our knowledge from over 30 years of experience to be amongst the leading facilities of its type in Europe. In 2020, we will open a new Silicon Valley Integration Center in Livermore, California. This will provide a significant increase in capacity over our existing facilities which will be retired. In addition, we have a number of underlying systems that support our business, including our SAP ERP solution, systems that connect us to our customers' sourcing functions, and systems that underpin our Managed Services.

Our Service Offerings

We drive engagement with our customers through our Strategic Propositions and these are underpinned by a range of Service Offerings which are designed to deliver solutions to our customers.

BUSINESS MODEL AT A GLANCE

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



Our Strategic Priorities

Strategic Priority 1

TO LEAD WITH AND GROW OUR SERVICES BUSINESS

Services Contract Base £m

787 1.0%

2019	787
2018	779
2017	755
2016	744
2015	719

Growth in our Contract Base improves our revenue visibility and increases the predictability of our business. More importantly, it improves the quality of our relationship with customers and increases our customer retention rate. This in turn enables us to cross sell our Professional Services and Technology Sourcing offerings.

Progress in 2019

After taking on some problem contracts during 2018, we overhauled our governance process at the start of 2019, with very pleasing results. The take-on of new contracts during the last 12 months has been extremely effective from both a customer service and financial viewpoint. The overall Contract Base grew by one per cent in constant currency² and stood at £787 million at the end of the year.

Target for 2020

During the latter half of 2018 and first half of 2019, we were conservative with our approach to new business with Contractual Services. However, we are now marketing more robustly and are significantly growing our pipeline. We are pleased with the prospects for enhanced growth in 2020, against a backdrop of deflationary pressures in this part of our business, due to customers' desire to always reduce the cost of support.

Strategic Priority 2

TO IMPROVE OUR SERVICES PRODUCTIVITY AND ENHANCE OUR COMPETITIVENESS

Services revenue generated per Services head £'000

93 4.5%

2019	93
2018	89
2017	90
2016	89
2015	92

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

Progress in 2019

During 2019, we made significant progress in automating areas of our Service Desk solution and reducing the number of calls requiring human intervention, which in turn enables us to improve our productivity and competitiveness. While many of these technologies are in their infancy we are pleased with our progress, as we are able to show our customers innovation that enables superior customer experience, while demonstrating clear commercial benefits.

This objective is always held back as we move more of our Services to lower-cost locations, as we share these lower costs with our customers, enabling our offerings to remain competitive. Of particular note, during 2019, was the success we had at our German-speaking near-shore location in Poland, which is now full and will be expanding in 2020. We also made significant senior hires at our fledgling Service Center in India, preparing for expansion.

Target for 2020

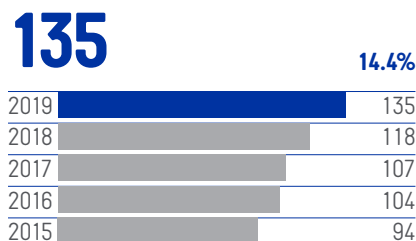
During 2020, we will be completing the rollout of a new suite of Data Center automation tools, to reduce costs and significantly simplify deployment. We will also continue to enhance our Service Desk operations and, more importantly, deploy what we have developed to date within more of our customers' solutions.

Our off-shore operations will be enhanced by the relocation to a new facility in Cape Town early in the year, as well as the doubling in size of our facility in Poznan and the scaling up of our resources in Bangalore.

Strategic Priority 3

TO RETAIN AND MAXIMISE THE RELATIONSHIP WITH OUR CUSTOMERS OVER THE LONG TERM

Number of customer accounts with contributions of over £1 million



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

Progress in 2019

In 2019, the number of Group customers who generated more than £1 million per year of gross profit, measured in constant currency², increased from 124 to 135. These incremental major customers were won evenly across our business, with no country seeing a decline. France was particularly noteworthy, with the number of major customers increasing from 11 to 15. This reduces the reliance we have historically had on one large customer, although it remains extremely significant.

Target for 2020

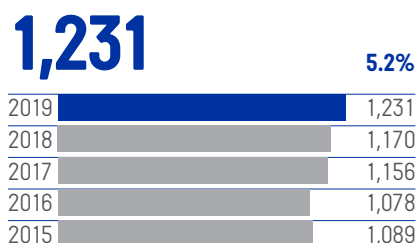
Growing the number of major customers will always be a key driver of Computacenter's business. We have continued our expansion into additional territories where such customers exist, notably our organic expansion into Spain early in 2020.

Over the last few years, we have expanded our relationships by cross selling our Services and Technology Sourcing offerings, and thereby lifting more of our customers above £1 million contribution. However, we need a concerted effort to bring new customers to the Group, to avoid the obvious limit to growth that exists if we rely only on expanding our existing customer base.

Strategic Priority 4

TO INNOVATE OUR SERVICES OFFERINGS TO BUILD FUTURE GROWTH OPPORTUNITIES

Services revenue £m



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

Progress in 2019

In 2019, total Services revenue across the Group increased by 5.2 per cent, in constant currency². Expanding our Services revenue is always more challenging than growing Technology Sourcing, as it often requires us to hire and expand our skills base. Shortage of skills in the marketplace, particularly in certain geographies, acts as a limiter to growth. However, this creates an opportunity to differentiate from our competition in the eyes of both our customers and employees, as we strive to be a company where skilled resources want to work. Our German Professional Services business proved this case in 2019 by continuing several years of significant growth, as customers rely on our expertise and employees see us as a destination of choice. Of significant note has been our expansion in our Security and Networking consultancy practices, where we have added substantial value to customers.

Target for 2020

After an improvement in growth in 2019, we feel we are building momentum. While we take nothing for granted, we are hopeful of an improved growth rate in 2020 for our Services business, as we increase our skills by hiring, training and improving our solutions through our strategic investments. As our industry shifts gradually towards software and Services as a solution, the requirement for skills to deploy new technology increases. While this creates a challenge, it also represents a significant opportunity.

The acquisition of RDC, an IT asset disposal business that we sold five years ago, will marginally add to our service offerings and revenue in 2020.

Technology Sourcing

OUR PARTNERS CAN RELY ON OUR REACH AND SCALE

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

In this section

- Growth drivers
- Technology Sourcing is a Service
- Powerful Partnerships



Members of the Group Technology Sourcing leadership team



Vendor Village at Group Kick-Off – Manchester, UK



Livermore



Kerpen



Hatfield



Gonesse



Brussels



Bodegraven



Braintree



Zurich

TECHNOLOGY SOURCING

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

Growth drivers

A number of key drivers in the market are underpinning our customers' continuing investment in new digital technology.

In particular, our customers want to:

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

Our objectives to support our growth in the coming years include:

- Replacing feature-rich but old-fashioned legacy systems, for greater internal efficiency.
- Introducing new customer-facing systems to provide better access to information and enable better international procurement consolidation.
- Maintaining the relevance of our service offerings, with greater focus on Networking, Data Center and Circular Services.
- Reducing our Technology Sourcing cost to serve, to ensure that we remain competitive in the evolving market.
- Continue to deliver improved capabilities for global contracts.



Headquarters and Integration Center – Kerpen, Germany

Long-term investment in the German market through our new Kerpen facilities.



RDC Integration Center – Braintree, UK

Helping customers make a positive impact at the end of the IT lifecycle.



Integration Center – Livermore, California

Technical Services: expert rack integration.

Technology Sourcing continued

Technology Sourcing is a Service

We integrate and deploy across Workplace, Data Center, Networking and Security. Our investment in Integration Centers in the UK, Germany, France, Belgium, the Netherlands and USA gives us the scale to meet even the most demanding customer requirements.

Following the successful cut-over in 2018, our new 29,600 m² Integration Center in Kerpen, near Cologne, was formally opened in April 2019. It provides us with considerably more capacity and capability to meet the growth needs of our European businesses and provide enhanced Services to our customers.

Our new Silicon Valley Integration Center in Livermore, California, will open in March 2020 and will also significantly upgrade our capacity and capability. Our existing facility nearby in Newark, California, will be retired.

In 2019, we completed the acquisition of RDC, five years after selling the business to Arrow. Sustainability has risen high on the agenda of most organisations and the acquisition allows us to help our customers to meet the challenges posed by the 'Circular Economy'. Leveraging our

specialist Circular Services Integration Center in Braintree, UK, and supported by our facility in Kerpen, we help our customers to repair, reuse, refurbish and recycle end-of-use IT equipment across their workplace, mobile, network and data center asset estates.

Powerful Partnerships

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

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

Our expertise in our Technology Providers' solutions is unrivalled, with our people holding more than 10,000 certifications.

Our strong working relationships and our desire to collaborate and seek innovation and new Services help us remain relevant, so we are increasingly seen as the partner of choice.

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

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

For example:

Cisco – Germany Enterprise Partner of the Year & Partner of the Year. Our French business was awarded Cisco Gold Status for the first time during the year.

HPE – Netherlands Enterprise Storage Partner of the Year

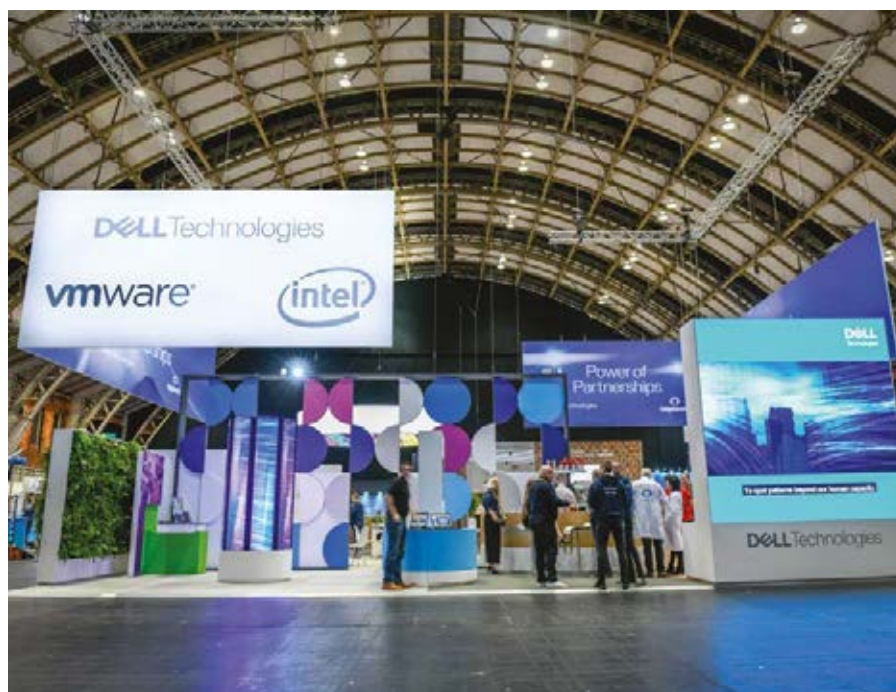
Dell Technologies – UK Partner of the Year

Oracle – France Systems Partner of the Year

VMware – UK Partner of the Year

NetApp – EMEA Converged Partner of the Year

Palo Alto – Western Europe Partner of the Year



Vendor Village at Group Kick-Off 2020 – Manchester, UK

Building Powerful Partnerships with the world's leading Technology Providers.



Integration Center – Livermore, California

A key milestone in the FusionStorm integration.




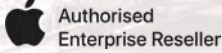







































Integration Center – Kerpen, Germany

Technical Services: volume device configuration.

TECHNOLOGY PROVIDER SOLUTIONS

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

OUR ESTABLISHED TECHNOLOGY PROVIDERS

 Leading Cisco Gold Partner	 Leading Enterprise Partner
 One of eight global Titanium Black Partners	 Highest level of accreditation across HPE Portfolio
 Highest accredited – Personal System – Imaging & Printing	 Leading Partner in Workplace and Data Center
 Leading Global Partner	
 One of only a few ServiceNow Global Elite Partners	 One of only six global strategic launch partners for Microsoft Managed Desktop
   	   
    	     
   	   
   	

Vendor Village at Group Kick-Off – Berlin, Germany

Managed Services and Professional Services

OUR CUSTOMERS CAN BE CONFIDENT IN OUR SKILLS AND SOLUTIONS

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

In this section

- Managed Services
- Professional Services



Members of the Group Services leadership team



Members of the Group Delivery leadership team

Group Delivery extended leadership meeting – London, UK



Milton Keynes



Barcelona



Montpellier



Kuala Lumpur



Budapest



Berlin



Bangalore



Cape Town



Mexico City



Dallas

MANAGED SERVICES

We maintain, support and manage IT infrastructure and operations for our customers, to improve quality and flexibility while reducing costs. Despite competitive pricing in the market, our revenue under contract has high visibility and is long term and stable. We see this recurring income as a strategic means of balancing our business. Customers will continue to ask us to reduce their costs by running some of their support operations and our activities in this area remain an essential part of our customer offer.

As we have grown this part of our business, we have often experienced very different results. In some cases, we have incorrectly designed or implemented services, leading to material costs to correct. In other cases, we have delivered very high-quality Services with great customer satisfaction and achieved our planned financial returns.

To avoid a recurrence of these historic issues, we have refocused our complex outcome-based Managed Services activities, leveraging our shared engines (such as our Service Centers), to Workplace service offerings where we already have scale, such as Service Desk and Infrastructure Management. This also allows us to maximise the impact of our investments and reduce

the technical risk from complex customer transformations. In addition, we have implemented a new Managed Services operating model, underpinned by a stronger policy framework, clearer technical standards, improved cost and pricing tools and improved contract assurance.

Managed Services also includes core support and Maintenance Services, which are a historic bedrock for our business. In other areas of our portfolio, including Networking and Security, we take less risk in Managed Services contracts, but see significant growth opportunities by helping customers to operate and support their digital technology through access to our engineering skills and Service Centers.

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

We continue to see significant opportunities to grow our Managed Services business.

Our objectives to support our growth in the coming years include:

- Ensuring the effectiveness of our new Managed Services operating model, to avoid problem contracts as we grow.
- Re-invigorating our core maintenance offerings and looking for opportunities to expand the depth and reach of our Networking maintenance activities.
- Continuing to evolve our Service Center location strategy, to provide the right balance of skills, pricing and compliance for our customers. We opened a new Service Center in Perpignan, France, this year to provide increased local capacity in our France-based operations. We also opened a new Service Center in Bangalore, India, to help us better leverage skills and support our existing India-based engineering and support teams. In addition, we have opened a brand new building for our Cape Town Service Center, which has a capacity of 1,000 people and is built to very high environmental standards.
- Reducing our Managed Services 'cost to serve', to ensure we remain competitive in the evolving market.



Group Kick-Off 2020 – Manchester, UK

Computacenter's stand at Group Kick-Off, exhibiting our capabilities to our sales force and key Technology Providers.



Service Center – Bangalore, India

The team after the opening of our new Service Center in Bangalore, India.



Service Center – Montpellier, France

Managed Services and Professional Services continued

PROFESSIONAL SERVICES

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

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

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

We see significant opportunity to grow our Professional Services business across all our portfolio areas (Workplace, Data & Analytics, Cloud & Data Center, Networking and Security).

Our objectives to support our growth in the coming years include:

- Ensuring that clear technical standards underpin our transformation service offerings, supported by strong technical deal assurance.
- Continuing to evolve our peoples' skills profile so they remain relevant to customers, while maintaining strong utilisation.
- Developing new modular ways of delivering Professional Services solutions, which are less reliant on local headcount.
- Identifying emerging technology areas where we can gain scale and add increased value to our customers.
- Reducing our Professional Services 'cost to serve', to ensure we remain competitive in the evolving market.



New Service Center – Cape Town, South Africa

Enhancing our capabilities and ensuring the highest environmental standards.



Engineering & Maintenance Services

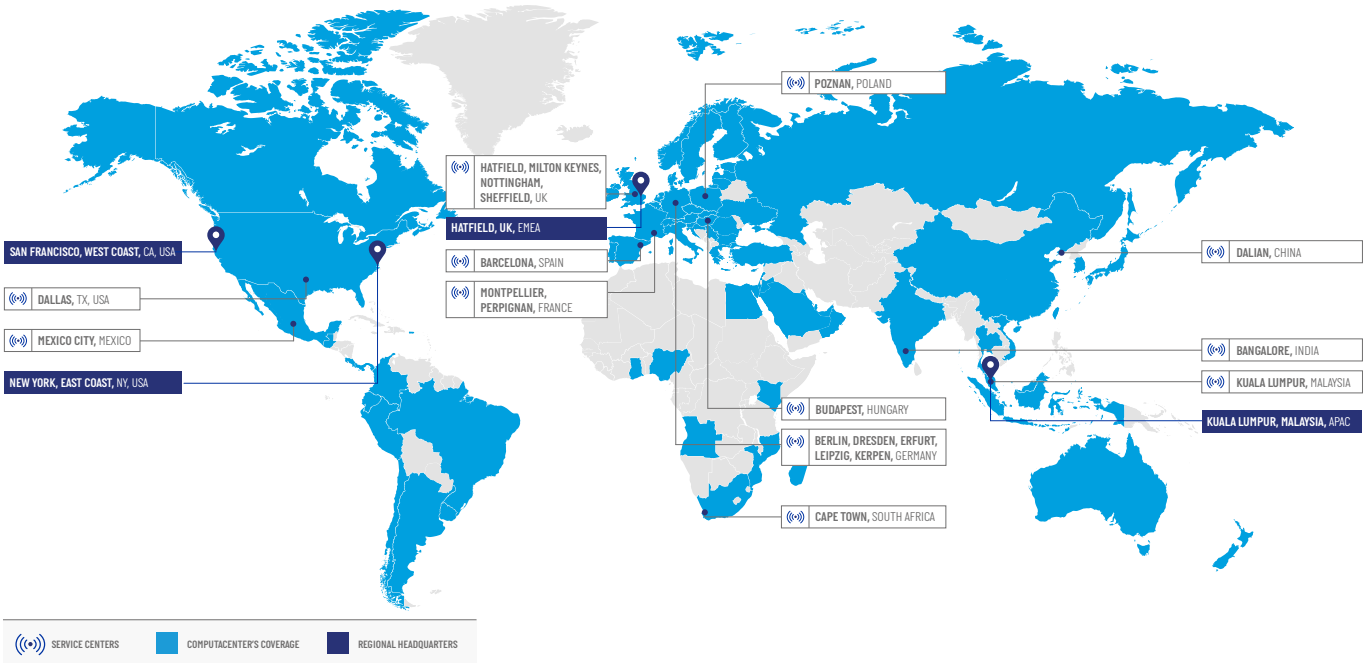
We help customers support and maintain their technology across the world.



InfoSecurity Conference – London, UK

Leading the way in a complex and changing world.

OUR SERVICE CENTERS



New Service Center – Perpignan, France
Increasing capacity and resilience.

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

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

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

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

In this section

- Transforming Human Resources
- Talent acquisition and development
- Diversity and inclusion
- Culture and values
- Employee engagement
- Health, safety and wellbeing

Non-financial information statement

The content of this section forms our non-financial information statement, with the exception of the Business Model which can be found on pages 12 to 13, Principal Risks and Uncertainties (pages 63 to 68) and Strategic Priorities (pages 14 to 15).



Members of the Group Human Resources leadership team



Group headquarters – Hatfield, UK

OUR PEOPLE

Transforming the Human Resources (HR) function

As Computacenter has grown over the years a Group Operating Model has been adopted and SAP enterprise capability was introduced to the business in 2011. It covered a basic core SAP solution, Human Capital Management (HCM) in three of our main countries, UK, Germany and France. During 2018 a project to standardise, simplify and harmonise the systems and processes within HR across the whole Group was developed called the AHEAD programme, creating a digital transformation of our HR systems and tools.

The objectives for the AHEAD programme are the following:

- Simplify processes for Group managers.
- Harmonise processes required to support business growth.
- Rationalise multiple systems to enable self-service for our managers and employees.
- Implement a common set of tools that are usable across the Group.

As a result of the programme we will rationalise 74 systems to 15 across the Group. The change provides the ability to consolidate, simplify and create self-service capability for all the Group users, enabling HR professionals and managers to support the development and growth of the business. The bulk of administrative tasks will be driven towards HR helpdesks located in Hungary and Germany, allowing our HR professionals and managers to focus on service delivery, supporting the business functions through growth with automated systems and processes.

This digital transformation of our HR function has seen us create a global HR structure, introduce a standard HR system and implement SAP Success Factors tools in a number of areas, including recruitment, variable pay, pay review, digital records management and a learning management system. This ensures we operate to common standards across the Group, enabling us to manage and support our people globally, and providing meaningful data and insights, on a real-time basis. In turn, this helps us to:

- make informed people-based decisions, for example around workforce planning or pay and reward; and
- track important issues such as attrition rates or diversity characteristics, so we can drive improvements effectively.

Attracting talent

In 2019 we developed our Group Talent Acquisition function which allows our recruitment teams to be agile, flexible and

scalable, and is helping us to meet peak recruiting requirements in a number of countries by leveraging multi-lingual recruitment specialists across the Group filling over 2,000 vacancies during 2019. By applying best practice across all countries, we have also improved the performance of several recruiting activities.

Our new Global Employer Branding team focuses on rolling out our employer value proposition in all our candidate communications. This ensures our messages connect to Our Purpose and that we represent Computacenter consistently to candidates, enhancing our candidate attraction rates.

Another important initiative in 2019 was our new Applicant Tracking System. This focuses on the candidate journey, starting with providing consistent job advertisements on a single global portal. It offers the ability to register in seconds using social media profiles and provides self-service functionality, such as confirming interview times online. The system also enables our people to see what roles are available within Computacenter, improving the visibility and opportunity for role changes, promotions and global mobility.

We continue to invest in our Future Talent programmes to attract school leavers, students and graduates. More than 15 per cent of all external hires go through one of our award-winning programmes in the UK and Germany. Best Training Company (Capital Magazine – Germany); Industrial Apprentice Award (The Chamber of Commerce – Germany); No 1 Medium-Sized Undergraduate Employer (NUE – UK); No 1 Graduate Employer, IT and Telecoms (The JobCrowd – UK). In 2020, we plan to extend the programmes to other countries, with a pilot already underway in Belgium.

We will continue to focus on improving our selection process, and thereby diversity of hires as we strive to make our recruitment processes as evidence-based and objective as possible.

Managing and developing talent

Managing talent is an important task for our leaders, with HR providing support through processes and development content. To help our leaders manage talent effectively, we run training sessions such as Leadership Basics and Coaching for Success and provide forums on topics such as leading in the digital age and inclusive leadership. In 2019, we established peer reviews and exchanges, which bring our managers together to discuss their teams and identify talented individuals. This enables managers to improve

succession planning and development opportunities to benefit Computacenter and the individuals concerned.

To help our people plan their development, we have created a central learning page on our intranet. This shows our people the skills and experience they would need to take on another role, and therefore the training and development they require. This makes career paths more visible and signposts the resources available to support our people. We also have a number of career development academies in the business, which we will look to build on in 2020. We define career paths where we believe they will be beneficial. For expert roles, we have dedicated programmes to define formal requirements and certifications to advance people in those senior roles. In general we position a career at Computacenter as offering a wide range of opportunities that build on our people's individual strengths.

Performance management

During the year, we piloted a new performance management approach in Germany and implemented the necessary supporting tools and process. The approach focuses on continuous dialogue between employees and managers enabling open dialogue about in-role performance and career development. Early feedback is very positive, and we will optimise the process globally during 2020.

Diversity and inclusion (D&I)

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

- attract, retain and promote the best talent;
- create strong leaders;
- use the diverse experiences, skillsets and ways of thinking that our employees provide;
- understand and reflect our diverse customers, enabling us to provide them with the best possible service;
- improve performance; and
- be more innovative and forward thinking.

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

The People Panel has helped us to embed D&I in everything we do, through one of our core Winning Together values: understanding people matter. To focus our efforts, we have concentrated on six subject pillars:

- accessibility and wellbeing;
- life balance;
- LGBT+ allies;
- future talent;
- focus on women; and
- culture.

Key themes that run alongside the six pillars are recruitment and retention and organisational culture.

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

Other key D&I activities in the year included:

- redesigning our diversity monitoring questions at every stage of hiring, which allows us to track, for example, how many women apply and how many reach each subsequent stage of the recruitment process;
- rolling out inclusive decision-making training to all leaders and managers, to make people aware of unconscious bias; and
- piloting our new inclusive leadership forum, which brings together leaders from around the business with a passion for D&I, to generate ideas and ensure we are doing the right things to be an inclusive employer.

Gender diversity

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

	2019		2018	
	Women	Men	Women	Men
Board	2	7	2	7
Senior managers	24	91	21	87
Other employees	4,062	11,890	3,874	12,065
Total	4,088	11,988	3,897	12,159

Although the proportion of women employed in Computacenter is in line with industry norms, we are committed to increasing it.

Our People and Culture continued

Initiatives specifically aimed at improving gender diversity include our Growing Together (UK) and Women@Work (Germany) networks, which are delivering real benefits. For example, 52 women have been through the Growing Together programme so far, of which over one-third have been promoted or taken a new role within a year. This is a direct result of the mentoring and coaching provided. During the second half of 2019, a senior female development programme has been researched and developed with launch planned for Q2 2020.

We are delighted that four of our women were recognised at the CRN Women in Channel Awards 2019 in the UK and in Germany we had three winners in the Women's IT Network awards. These wins showcase Computacenter's female talent and our commitment to increasing gender diversity within the Group.

Culture and values

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

Our culture directly supports Our Purpose (see inside front cover) and is underpinned by our Winning Together values. These values are at the heart of how we operate as a business and underpin our leadership principles of driving success by collaborating, being inclusive, having an open mindset, innovating and leading as a coach.

As we grow, maintaining our values and culture becomes even more important. Reflecting this, our performance management process links directly to our values and assesses how each of our people behaves, as well as what they achieve. We use our values in every aspect of our people engagement from recruitment, recognition and throughout our peoples' career development.

Engagement

Towards the end of the previous year, we ran an engagement survey with responses from around 10,000 of our people. Key themes from across the business were identified as areas of strength and areas for improvement. Throughout 2019, teams from within each business area have worked with the leadership of each part of the business and with HR to create improvement plans in the areas identified as needing focus.

Our winning together values are:

Winning Together
Our Values



We win by:

Putting customers first

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

Being straightforward

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

Keeping promises

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

We do this together by:

Understanding people matter

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

Considering the long term

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

Inspiring success

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

We have a number of different forums for engaging with our people. In the UK, we have MyForum and we have Works Councils in Germany, France, Spain, Belgium and Switzerland, as well as a European Works Council. All of these meet regularly with the executive team and other senior managers, to provide business insight and inform how the business is managed.

We also have forums for Future Talent in the UK and Germany, known as FreshMinds and Future Talent Connect respectively. We provide support and funding for these groups, which help to bring ideas to our senior management.

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

Improving the employee experience

In March 2020, we are launching a global peer-to-peer recognition tool called Bravo! This allows our people to immediately recognise the contributions of their peers and to thank them for it. The tool is mobile enabled to allow for fast and frequent recognition. This helps to reinforce our values and outcomes, based on behaviours and best practice. The tool also allows

managers to award points for exceptional performance and behaviours, which can be redeemed with selected retailers or donated to our chosen charities in-country. This new tool provides the Group with a global ability to recognise and reward exceptional behaviour and outcomes across all areas of the business, encouraging collaborative working across the Group.

Our people policies

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

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

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

HEALTH, SAFETY AND WELLBEING

Protecting those who work for and with us, as well as customers and members of the public, is extremely important.

Our Health & Safety policy

In April 2019 a new Health & Safety policy was issued.

It is Computacenter’s policy that in so far as is reasonably practicable, an environment is created and maintained that includes a commitment to eliminate and/or reduce Health & Safety risks to employees, customers, suppliers, contractors, visitors and members of the public.

The approach to Health & Safety shall be based on the identification and control of hazards, the prevention of incidents, particularly those involving personal ill-health, injury and damage to equipment/property. Near miss reports [i.e. identifying unsafe acts or conditions] are also investigated as Computacenter recognises these as being an essential method of avoiding future incidents. This approach is an important and integral part of the efficient operation of the business.

Computacenter recognises that it is not sufficient merely to have a General Health & Safety Policy Statement, but that it is more important that everyone concerned is made aware of their responsibilities in implementing the policy. All line managers shall ensure that the policy, which contains procedures for safe methods and conditions for work, is implemented within their areas of responsibility.

In addition to the above arrangements Computacenter shall:

- maintain a constant and continuing improvement culture in Health & Safety performance and encourage all employees to set an example in safe behaviour;
- promote participation and consultation between employees and management concerning matters of Health & Safety;
- provide the necessary resources in the form of finance, equipment, personnel and time to ensure the implementation and maintenance of the Health & Safety policy; and
- maintain and monitor an online legal compliance register, which will include a commitment to fulfil legal and other statutory requirements.

Employees shall take reasonable care of their own Health & Safety and that of others who may be affected by their act or omissions.

The Group’s Health & Safety policy is to create and maintain, as far as reasonably practicable, a working environment which does not pose an undue risk to Health & Safety. Our approach is based on identifying and controlling hazards. Preventing all incidents, particularly those involving personal injury and damage to equipment or property, is a priority. Line managers are required to ensure that the policy is implemented in their area of responsibility. It is a condition of employment that our people observe the policy and failure to do so can result in disciplinary action.

During 2019, we have seen a solid Health & Safety performance driven by an established Health & Safety Management System. We have continued to improve the Accident Incident Rate (AIR), which is the number of accidents per 1,000 employees to 2.19 in the UK, and the Accident Frequency Rate (AFR), which is the number of accidents per 100,000 working hours, to 0.41 in the UK.

Health & Safety performance

Average results for 2019:

	AIR	AFR
UK	2.19	0.41
Germany	2.36	0.49
France	1.58	0.33

We have had a continual uptake on the courses being rolled out with over 10,566 courses completed so far – Display Screen Equipment (1,104), Manual Handling (971), Environmental Awareness (382) and Safe Driving (766).

Wellbeing

Supporting mental health at work is a priority for us. We are therefore looking carefully at how we can help our people to manage stress, ensure they understand how to ask for help and how to provide support. As part of this, we now have 50 wellbeing champions trained in mental health first aid across the UK. More than 1,000 UK employees have taken part in our wellbeing webinars. This has contributed to a 4.0 per cent reduction in referrals to Occupational Health for mental health needs. We have also contracted Remploy to allow managers to book training on mental health as needed.

In Germany, we have established the ‘Health Circle’ to raise awareness of conditions that can limit people’s activities and set up preventative measures. We conducted a webinar and online training on mental health for line managers and offered courses on subjects such as stress. Our awareness programme for employees runs campaigns on a quarterly basis on a variety of wellbeing topics.

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



Headquarters – Germany, Kerpen
By 2019, CO₂ emissions per employee had fallen from 4.3 tonnes in 2010 to 2.7 tonnes.



Solar panel installation – Hatfield, UK
This is believed to be the largest rooftop installation in the UK in 2019.



Service Center – Cape Town, South Africa
The facility is the 23rd largest office to be certified by Green Building Council of South Africa in the Western Cape.

Environment

Our environmental policy commits us to continuously improving the environmental impact of our business activities. We enact the policy through an environmental management system (EMS) covering major sites and operational areas, which among other things ensures we comply fully with all relevant environmental legislation, regulations and other requirements. We use the EMS to provide a framework for setting and reviewing environmental objectives and targets.

We continue to actively manage our environmental impact and look to ensure our buildings are environmentally sustainable, including when designing new facilities. Since 2004, our facilities at Kerpen have been certified to the international standard ISO 14001, which specifies requirements for an effective EMS. In 2020, our new Integration Center and German headquarters in Kerpen will be recertified for the first time. The Integration Center uses solar heating for washing water and rainwater for toilet flushing. We have also redefined the way we handle waste at Kerpen, removing the need for manual handling and making waste easier to transport.

The office building at Kerpen includes a wide range of energy efficiency and other environmental measures. It complies with the energy efficiency standard KfW 70 for buildings and includes highly dimensioned insulation, triple glazing, indoor and outdoor LED lighting, a green electricity power supply and the ability to recover waste heat from the canteen. Outside, there are ten charging stations for electric cars and a further 90 parking spaces with charging infrastructure. Charging stations for e-bikes are also planned. Landscaping includes more than 150 trees, a natural hedge and a wildflower meadow.

The environmental measures at Kerpen will help the German business to meet its target of reducing CO₂ emissions per employee by 20 per cent between 2010 and 2020. By 2019, CO₂ emissions per employee had fallen from 4.3 tonnes in 2010 to 2.7 tonnes. The German business has also switched its energy supply to green power and limited the maximum emissions per kilometre from company cars.

Computacenter has continued its low-energy investment programme, with the recent installation of nearly 7,000 photovoltaic panels on its Hatfield Integration Center. This is believed to be the largest rooftop installation in the UK in 2019. It will produce approximately 2.08 million kWh of electricity annually, saving approximately 1.1 million kg of CO₂ emissions and paying for itself in just over five years. This project was combined with the overall upgrading of electrical appliances used throughout the business. Computacenter will continue to investigate emerging energy-saving technologies where possible.

In South Africa, our new building has a four star rating in the Green Star certification issued by the Green Building Council of South Africa. We identified three guiding principles when designing the building to create a sustainable, desirable and premium facility. The facility is the 23rd largest office to be certified by the Green Building Council of South Africa in the Western Cape.

The building achieves a 55 per cent reduction in greenhouse gas emissions by using a variable refrigerant volume air-conditioning system that together with optimal building design, shading and natural light penetration, minimises energy use. All energy used is sub-metered and monitored to ensure optimal energy performance.

Building materials were carefully selected to reduce indoor pollution, by specifying low VOC paints, sealants and adhesives. The goal of achieving a more sustainable building was also strengthened through, for example, specifying recycled content in steel.

The project scored highest in the water category through the use of potable water and using water-efficient sanitaryware, together with a borehole, and capture and re-use of rainwater for toilet flushing. Landscape irrigation is by using indigenous, water-efficient planting and a drip irrigation system.

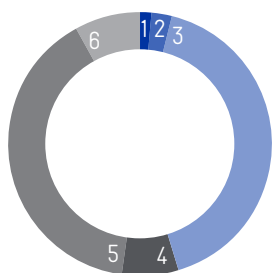
Information on our greenhouse gas emissions can be found on page 29 of this report.

Greenhouse gas emissions

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

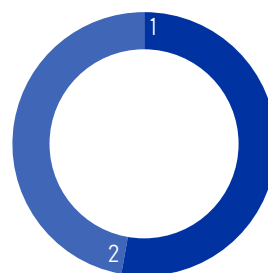
Computacenter plc mandatory greenhouse gas emissions reporting	Methodology	Recent UK-based emission reduction projects
<p>Global GHG emissions data for period: 1 January to 31 December 2019.</p> <p>Emissions = metric tonnes of CO₂e</p> <p>Scope 1 = Combustion of fuel and refrigerants usage Scope 2 = Electricity, heat, steam and cooling purchased for own use</p> <p>Group's chosen intensity measurements: Emissions as reported above are 3.92 metric tonnes per £m value of Group revenue: [2018: 4.53 metric tonnes, a reduction of 13.6 per cent].</p> <p>Emissions as reported above 1.23 metric tonnes per Group employee [2018: 1.30 metric tonnes, a reduction of 5.3 per cent].</p>	<p>We have used the main requirements of the GHG Protocol Corporate Accounting and Reporting Standard [revised edition].</p> <p>Emission factors used are from the UK Government's Conversion Factors supplied by Defra.</p> <p>With the help of external consultants, excel spreadsheets were further developed internally to include the full requirements to collate the additional emissions such as refrigerants.</p> <p>This activity has been conducted as part of our UK Environment Management System ISO 14001: 2015 standard [EMS 71255].</p> <p>Group properties included in this report are all current locations in the UK, Germany, France, Belgium, Spain, South Africa, USA, Switzerland, Malaysia, Hungary, Mexico and the Netherlands.</p> <p>We have reported on all of the emission sources required under the Companies Act 2006 [Strategic Report and Directors' Reports] Regulations 2013.</p> <p>Limitations to data collection Less than 5 per cent of emissions were estimated or based on an average energy usage per square foot of space occupied.</p>	<p>Continued investments in new technology helping reduce emissions in Data Centers. The electricity used in the Data Centers is circa 55 per cent of the total for the UK. These Data Centers host customer's IT in the form of servers thus reducing their carbon footprint, however, this increases the emissions for Computacenter as we become the landlord.</p> <p>Computacenter Data Centers continually adopt best practices in this field and are signed up to the European Code of Conduct for Data Centers.</p> <p>Manchester Data Center cooling system upgrade We are undertaking an air conditioning unit refresh, replacing the existing units with more energy efficient ones. We have currently upgraded to new state of the art dual cool air conditioning unit and are also upgrading the chilled water system to take full advantage of the free cooling from the water chillers. A new ACIS Building Management System is currently being installed that will control the Data Center environment to ASHRAE guidelines whilst making it more energy efficient reducing electrical consumption by 12.5 per cent [1,202,774 kWh pa] thus improving the PUE Data Center efficiency metric.</p>
Energy Efficiency Scheme (CRC) [CRC8804716]	The UK continues to fully comply with this scheme registered as a participant.	
Packaging Waste Regulation	Via the compliance company Paperpak, the UK are registered as a distributor of product ensuring full compliance since 2000.	
ISO 14001:2015 [EMS 71255]	The EMS of the UK has been registered to this standard since 2003.	
Energy Savings Opportunity Scheme (ESOS)	Computacenter complied with this legislation by submitting our energy report which covers the period 1 April 2018 to 31 March 2019.	

Emissions = 19,808 metric tonnes of CO₂e



- 1 Belgium 1.65%
- 2 France 2.48%
- 3 Germany 41.31%
- 4 South Africa 7.05%
- 5 UK 39.64%
- 6 Others:
 - Hungary 0.60%
 - India 0.0%
 - Malaysia 4.59%
 - Mexico 0.10%
 - Netherlands 0.10%
 - Poland 0.04%
 - Spain 1.13%
 - Switzerland 0.76%
 - USA 0.54%

UK Energy Usage



- 1 Data Center 53%
- 2 Facilities 47%

Wider community

We support our wider communities by working with selected charities. While this is important to us, we do not have a formal policy setting out our approach in this area, as we do not believe it has a material impact on our business.

Our three main aims are to:

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

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

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

In the UK, we have continued to provide considerable support to the charity partners selected by employees – Make-a-Wish Foundation, British Heart Foundation and Dementia UK. We do this through fundraising steered by the charity committee, which comprises a cross section of employees, from branch administrators to senior management. We also offer a 'Give as You Earn' scheme, through which employees can make monthly contributions to any UK charity of their choice through automatic deduction from their salaries.

How we do business

Protecting human rights

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

We remain signatories of the United Nations Global Compact (UNGC) and are committed to carrying out business responsibly. As part of this, we incorporate the Ten Principles of the UNGC into our strategy, culture and day-to-day operations, as part of our ethical and responsible business practices. For Computacenter, human rights falls into two areas: protecting the rights of our employees and ensuring we are not complicit in human rights abuses in our supply chain. The human rights of our employees are covered by our people and Health & Safety policies. Human rights in the supply chain primarily relate to the risk of modern slavery. We published our most recent Modern Slavery Statement, covering our 2018 financial year, in March 2019, with our report covering the 2019 year due to be published imminently. We continue to work with a diverse set of suppliers and when selecting who we want to work with, we ensure that our terms of engagement are clear and that they support both our Group values and our wider corporate social responsibility objectives. Our Supplier Code of Conduct sets out the ten principles in the UNGC, which include human rights, and we expect our suppliers to abide by these. We will continue with our commitment to ethical and responsible business practices, ensuring that if modern slavery is identified anywhere within our supply chain, we will not tolerate it.

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

Preventing bribery and corruption

Computacenter has a Group Business Ethics Policy, covering matters ranging from how we choose the companies we work with to avoiding conflicts of interest. We also have an Anti-Bribery and Corruption Policy, supported by a Code of Conduct and a number of guidance notes, covering subjects such as due diligence on third parties, communications and risk assessments. Group Internal Audit tests compliance with our policies and our control regime is supported by our external whistleblowing hotline, which is provided by Safecall. No material breaches of our policies were identified during the year.

We continued our zero-tolerance approach to Anti-Bribery and Corruption in 2019. Anti-Bribery and Corruption training is an integral part of our induction process across the Group and during 2019 we refreshed and relaunched this training across all the countries where we employ people. We have also continued to develop the awareness of our external whistleblowing hotline across the Group, ensuring that employees, contractors, partners and suppliers know how they can confidentially report any issues concerning them.

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

Section 172 of the Companies Act 2006 requires directors to promote the success of the company for the benefit of the members as a whole and in doing so have regard to the interests of stakeholders including clients, employees, suppliers, regulators and the wider society in which it operates. On pages 31 to 33, we have set out how we have engaged with our key stakeholders and how the Board has considered their interests during the year. The Chairman's Statement on page 2 outlines how the Board considered the Group's environmental impact in 2019, and information on our environmental performance can be found on pages 28 to 29.

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

Computacenter's Board naturally takes a long-term view in its decision making and this is reflected in our Winning Together values [on page 26]. The Group's business is based on developing multi-year relationships with customers, as evidenced by more than half of our top 50 customers having been with us for more than a decade. The Directors also have a substantial combined shareholding in Computacenter, totalling 42.2 per cent of total voting rights, and therefore have a significant interest in ensuring the business's continued success in the long term.

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

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

Information on the matters considered by the Board during the year can be found on page 76.

Stakeholder engagement

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

Who they are	Why they are important	How we engage and consider their interests
Shareholders	<ul style="list-style-type: none"> We rely on the support and engagement of our shareholders, to allow us to operate the Company effectively and enable success for them and the rest of our stakeholders. Our shareholder base supports the Company's focus on delivering success over the long term rather than relying on short-term results. 	<ul style="list-style-type: none"> The Chairman, on appointment, contacted significant shareholders offering each the opportunity to meet him. The Chairman and Company Secretary conduct a governance roadshow with significant shareholders, following the release of the Annual Report and Accounts. The Executive Directors undertook investor roadshows throughout the year and in multiple geographies. The Board approves the half-year and full-year results, and the Annual Report and Accounts. The Chief Executive Officer and Group Finance Director deliver half year and full year results presentations to sell-side research analysts and institutional shareholders. The Board attended the 2019 Annual General Meeting. Investor feedback is presented to the Board through monthly reports and regular broker notes. The Senior Independent Director writes annually to significant shareholders, offering the opportunity for an individual meeting to discuss any concerns. The Remuneration Committee Chair wrote to significant shareholders, proxy firms and other interested parties regarding the renewal of the Directors' Remuneration Policy and engaged with those that responded. The Company runs biennial Capital Markets days, to engage with sell-side research analysts.
Community	<ul style="list-style-type: none"> The Board considers the impact of our operations on the communities in which we are present, during Board discussions. 	<ul style="list-style-type: none"> Community engagement is typically co-ordinated by local management teams. An example is our renewed sponsorship of the next generation of the Hertfordshire Fire and Rescue fire investigation dog. A charity committee comprising a cross section of employees organises fundraising for our UK charity partners. The Board has dedicated the use of the funds received during 2019 as a result of the share forfeiture exercise towards charitable purposes. The Company remains committed to paying our fair share of tax in the jurisdictions in which we operate. Our adjusted¹ effective tax rate has increased from 22.8 per cent in 2015 to 27.8 per cent in 2019. The Audit Committee reviews the Company's tax strategy and policy each year, to ensure this remains in line with our commitments to our communities. The Board strives to maintain high standards of governance across the Company, to ensure that we can engage with our communities' environmental and societal concerns.

Section 172 Statement
continued

Who they are	Why they are important	How we engage and consider their interests
Regulators	<ul style="list-style-type: none"> Our other stakeholders' interests are best served through proactive engagement with our regulatory bodies. 	<ul style="list-style-type: none"> From time to time, we engage with regulators and policymakers to ensure that our business understands and contributes to evolving regulatory requirements. During the year, the Audit Committee directed senior management to respond to a Financial Reporting Council consultation on proposed changes to auditing standards, to ensure that the Company's view was considered. The Board receives regular reports that outline the material changes in the regulatory environment in which the Group operates and reviews the response of senior management to these changes.
Customers	<ul style="list-style-type: none"> Customers are at the core of what we do. Our focus on building trust by always delivering on our commitments underpins the culture of the Company. Staying close to our customers' evolving needs allows us to adapt our strategic approach, to ensure we stay relevant in an ever-changing industry. 	<ul style="list-style-type: none"> The CEO meets regularly with key customers and updates the Board on his discussions and any concerns raised. The Board considers this feedback when reviewing and assessing the Company's strategy. Materially adverse customer feedback is reported to the Board. Client Directors and Account Managers lead teams that build lasting relationships with current and potential customers, to develop a clear view of customer objectives and how these will evolve. Service Directors and Service Managers lead teams that monitor day-to-day operational performance of key Services contracts, to ensure that our commitments to delivering the service our customers expect are met. The Board ensures that succession planning for key Client Directors and Service Directors is in place, as part of their annual review with each Country management team. The Board reviews regular reports on the achievements of the Client Director, Account Manager and Sales Solution Specialist community, to ensure that they have the tools needed to enable their success. Key contracts where customer contractual commitments are not met are reviewed at every Audit Committee meeting and escalated to the Board where appropriate. The Board reviews contract governance improvements, to ensure that the Company is empowered to deliver on our promises to customers. The Board receives regular reports on the Contract Base and the number of significant customers providing over £1 million of contribution for the Company. These reports measure and monitor two of our Strategic Priorities, demonstrating the need to maintain and grow significant relationships with our customers. The Board received a number of presentations on Company initiatives to improve the service and capability that we can provide to our customers.
Technology Providers	<ul style="list-style-type: none"> Our Technology Providers are crucial to the ongoing success of the Company. These are typically leaders in the IT industry who supply the Technology Sourcing solutions that we sell to our customers. We remain Technology Provider independent and maintain relationships across the industry, so we can provide the best technology solutions for our customers' needs. 	<ul style="list-style-type: none"> During the year, the Chairman of the Board and the CEO conducted a vendor roadshow to the biggest US technology companies located in Silicon Valley. Through a series of meetings, the Chairman and CEO improved their understanding of the future changes in technology, the impact on both our Technology Providers and customers, and the ever-changing requirements of the Company from these key stakeholders. Following the roadshow, a report was presented to the rest of the Board, to assist with their understanding of our Technology Providers and their expectations of the Company. We hold an annual Group Kick-Off sales event in early February. Key vendors from across the industry attend to address our sales force directly and demonstrate the latest in innovation in a Technology Village that accompanies the event. Over half of the Board attended the most recent event in February 2020 and had the opportunity to engage with our Technology Providers directly. We engage proactively with our suppliers and have a Supplier Code of Conduct that sets out the high standards and behaviours we expect from them. The code requires our suppliers to incorporate the prohibition of forced labour and human trafficking, together with the ethical and responsible sourcing of goods or services, into their sourcing governance and execution process. The Board monitors changes in key accreditations in our core geographies, to ensure that we remain relevant to both our Technology Providers and customers. These accreditations are considered when making significant acquisitions. The Board monitors developments in these relationships and the emergence of new critical Technology Providers.

Who they are	Why they are important	How we engage and consider their interests
Our people	<ul style="list-style-type: none"> Our people are the primary reason for the ongoing success of our business. We are proud of the recognition that we receive for our efforts to continually improve the Company as a workplace of choice for our people and this is reflected in the lengthy average tenure of employment. 	<ul style="list-style-type: none"> Ros Rivaz, the Senior Independent Director, is the designated Non-Executive Director responsible for gathering workforce feedback, a key requirement of the 2018 Code which requires that the Board engage with the wider workforce. Ros was appointed to this role in November 2017 and has engaged with a wide variety of employee representative groups, to hear directly from employees on the issues that concern them. Ros reports to the Board on each engagement, with recommendations for action by senior management. Ljiljana Mitic, our German-based Non-Executive Director, has engaged with various representatives of our German business, including Human Resources, to ensure that any specific issues are raised at the Board. We engage through a variety of channels, including management briefings, videos and presentations by the Chief Executive Officer, to discuss progress made by the business, together with future objectives and challenges. Employee shareholders had the opportunity to meet the Board at our AGM and ask questions. The Board approved a significant investment in a new Group-wide people toolset, which allows a common approach to rewarding our employees and monitoring their progress against objectives and through the Company. The Board will continue to review this implementation, to ensure it is delivering for our people. People-related topics including diversity and talent management are scheduled on the Board agenda. We conduct an employee engagement survey and have invested in our corporate communications, to help employees understand and deliver our Strategic Priorities. The Board discussed the results of the 2018 employee engagement survey and reviewed an action plan to address the issues raised. The Board considers the Group's employees to be an important stakeholder and the consideration of their interests forms a part of many Board discussions.

Non-Financial Information Statement

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

Reporting requirement	Relevant information	Page
1. Business model	• Business model	12
	• Strategic priorities	14
2. Principal risks and impact of business activity	• Principal risks and uncertainties	63
	• Viability Statement	61
3. Employees	• Employees	24
	• Diversity policy	25
	• Health & Safety	27
	• Stakeholder engagement	26
4. Social matters	• Supporting charity and community	30
5. Human rights	• Human rights	30
	• Suppliers	30
	• Details of our Supplier Code of Conduct, as well as our approach to protecting human rights, can be found on our website	
6. Anti-corruption and anti-bribery	<ul style="list-style-type: none"> • Whistleblowing • Our Code of Business Conduct and other related policies, can be found on our website 	30
7. Environmental matters	• Environmental matters	28
	• Greenhouse gas emissions	29
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NFU Mutual

INSURANCE PENSIONS INVESTMENTS

EXTENDING 'A PEERLESS IT SERVICE' BY ANOTHER FIVE YEARS



Computacenter has established a totally reliable service at NFU Mutual. With our renewed contract, and new Workplace, I'm therefore looking forward to the next five years of peerless IT service.

Tim Mann
CIO, NFU Mutual

What we did

We won a five-year extension to core Data Center and cross-functional services (including Wintel, Mid-range and Mainframe support and hosting), plus new Workplace refresh with Windows 10 Evergreen and Managed Print support.

How this helped our client

By understanding NFU Mutual's business, we were able to add value, innovate and provide thought leadership on future IT challenges, while delivering infrastructure stability and smooth-running IT services. This enabled the client to concentrate on other strategic objectives.

Number of years Managed Services contract extended:

5

Number of Workplace device upgrades:

6,000







SECURE AND EFFICIENT INTERNET ACCESS USING BROMIUM SECURE BROWSER



Computacenter has been an outstanding partner for many years. For the Bromium project, we were once again able to rely on their expertise, which enabled the project to run extremely smoothly.

Jan-Eric Hein
Bromium Product Manager, Dataport

What we did

Provided encapsulated internet access for users, enforcing greater security. Processing now takes place in separate micro-virtual machines, which are deleted after closing the browser – thus isolating any malware from Dataport's infrastructure.

How this helped our client

Vastly improved both security and the user experience, thanks to significantly improved performance, an increase in available access points for simultaneous use, and more efficient uploads, downloads and data transfers.

Number of clients involved in successful pilot project:

50

Number of users migrated to Bromium Secure Browser:

10,000







UGAP SELECTS QUALITY PRODUCTS AND SERVICES FOR ITS CUSTOMERS



To offer their customers quality products and services, UGAP selected Computacenter's offer for prices, technical solutions and wealth of services proposed.

Réza Bacha
Head of IT and Telecom
Product Marketing Department
UGAP

What we did

We won two three-year public contracts for the provision of infrastructure and a rich Network product kit of over 800 Lenovo servers (from small office to data centers) and over 300 Cisco Network products and Services.

How this helped our client

Our service ensures UGAP's customers a quick access to top-of-the-range technology at the right price, thanks to a simplification of the public procurement procedure. UGAP's customers are assured by having Computacenter experts to advise them.

Number of products available:

1,100+

Number of UGAP customers:

22,000+





Our Performance in 2019

Financial performance

The Group's revenues increased by 16.1 per cent to £5,052.8 million [2018: £4,352.6 million] and were 16.9 per cent higher in constant currency².

The Group made a statutory profit before tax of £141.0 million, an increase of 30.4 per cent [2018: £108.1 million]. The Group's adjusted¹ profit before tax increased by 23.8 per cent to £146.3 million [2018: £118.2 million] and by 24.9 per cent in constant currency².

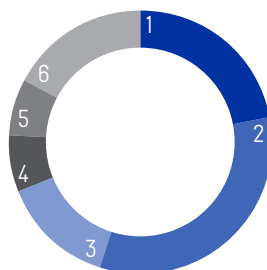
The difference between statutory profit before tax and adjusted¹ profit before tax primarily relates to the Group's reported net charge of £5.3 million [2018: charge of £10.1 million] from exceptional and other adjusting items. These relate principally to the Group's acquisition of FusionStorm. Further information on these can be found on page 56.

It should be noted that these results include an overall decrease of £1.7 million in both statutory and adjusted¹ profit before tax, due to the impact of IFRS 16. The timing difference effect of the new accounting standard has resulted in increased interest costs exceeding the net of reduced rental costs and increased depreciation. Excluding the impact of IFRS 16, statutory profit before tax was 32.0 per cent better than the prior year, whilst adjusted¹ profit before tax was 25.2 per cent higher. Further information on the impact of IFRS 16 can be found on pages 58 and 128.

With the increase in the Group's overall statutory profit after tax, statutory diluted earnings per share (EPS) increased by 27.0 per cent to 89.0 pence for the year [2018: 70.1 pence]. Adjusted¹ diluted EPS, the Group's primary EPS measure, increased by 22.2 per cent to 92.5 pence for 2019 [2018: 75.7 pence].

The result has benefited from £857.6 million of revenues [2018: £270.9 million] and £6.5 million of adjusted¹ profit before tax [2018: £2.2 million], resulting from the acquisitions made since 30 June 2018. All figures reported throughout this Annual Report and Accounts include the results of the acquired entities.

Revenue by business type



- 1 Workplace 22%
- 2 Data Center, Networking & Security 33%
- 3 Software 14%
- 4 Resold Services 7%
- 5 Professional Services 7%
- 6 Managed Services 17%

2019 was one of the most successful years in Computacenter's history. We recorded our best-ever revenue, profit, EPS and cash generation from ongoing operations, and increased our profit by the largest absolute amount ever. The acceleration shown in 2019 in the progress of Computacenter's adjusted¹ profitability and adjusted¹ earnings per share, two key financial measures for the Group, shows a business growing both organically and through leveraging recent acquisitions.

This improvement on the prior year was evident across the board, although it was stronger in some areas than others. German Services gross profit showed the greatest increase across the Group, driven by strong growth in Professional Services and an excellent recovery in Services margins from the lows of 2018. The German Technology Sourcing business saw solid growth and an improvement in margins, even with the slow-down of its largest customer, which significantly reduced its spend back to normal levels after the surge in 2018. UK margins showed significant improvement, with pleasing Technology Sourcing growth once the large one-off deals from 2018 are excluded. The French business had another year of exceeding expectations and internal targets, with strong revenue growth and margin gains across the business. The acquired business in the USA had a very strong second half of the year, with adjusted¹ operating profit exceeding that of the disappointing first half by a factor of 10, as some early issues in operating the business were mitigated and sales volumes returned.

Our International business, primarily the 'Rest of Europe' trading group, has contributed pleasing profit growth whilst absorbing the significant investment of aligning the Netherlands to the Group Operating Model. The acquisition of PathWorks during the year has been very successful and has rounded out the full business model in Switzerland.

Technology Sourcing performance

The Group's Technology Sourcing revenue increased by 20.3 per cent to £3,822.2 million [2018: £3,177.6 million] and by 21.3 per cent on a constant currency² basis.

As noted in our 2018 Interim Report and Accounts, the prior year revenue performance was flattered by two one-off software licence sales in the UK totalling £70.8 million, at very low margins. Once these deals are adjusted out from the comparative, and the £820.0 million of revenues resulting from the acquisitions made since 30 June 2018 are adjusted out from the current year result [2018: £254.7 million], the Group saw a 5.3 per cent increase in organic Technology Sourcing revenue over the prior year comparative.

The UK Technology Sourcing business saw pleasing growth, excluding the one-off deals noted above. Margins improved, with the subtle shift in the product mix towards higher-margin Data Center, Networking and Security products continuing throughout the year.

The Technology Sourcing business in Germany saw a significant reduction in revenue with one key software hyperscale customer, which has reduced investment in Cloud infrastructure build out. Pleasingly, this loss in volumes was exceeded by growth in other areas of the business, particularly in the Public Sector, leading to 4.2 per cent of revenue growth in constant currency² over what has been a sustained period of success for the business. German Technology Sourcing margins improved significantly from the prior year, driven by the improving product mix and the replacement of the lower-margin hyperscale business with higher margin business.

French Technology Sourcing revenues grew faster than expected, at improved margins, due to the widening portfolio of target customers, particularly in the Public Sector. The key Public Sector account that was renewed in the prior year unexpectedly saw much increased volumes, in contrast to historic trends following previous renewals. French Technology Sourcing margins increased and remain the best and most consistent across the Group.

Overall, Group Technology Sourcing margins increased by 26 basis points during the year, when compared to the prior year.

Services performance

The Group's Services revenue increased by 4.7 per cent to £1,230.6 million (2018: £1,175.0 million) and was up 5.2 per cent on a constant currency² basis. Within this, Group Professional Services revenue increased by 13.7 per cent to £366.1 million (2018: £321.9 million), and by 14.5 per cent on a constant currency² basis. Group Managed Services revenue increased by 1.3 per cent to £864.5 million (2018: £853.1 million), and by 1.7 per cent on a constant currency² basis.

The overall Services result benefited from £37.6 million of revenue resulting from the acquisitions made since the second half of the previous year (2018: £16.3 million).

UK Services revenue reduced during 2019, with both Professional Services and Managed Services activity declining. Professional Services was challenged by lower than forecast volumes, as the customer pipeline elongated, but continued strength in the mix of work towards higher-end consulting and less transformation projects reinforced margins. Whilst Managed Services revenues were down due to renewals, as reduced prices caused decline in the Contract Base, the business stabilised the 'difficult' contracts from 2018 and strongly improved margins elsewhere in the portfolio. The improvement in the core Managed Services contracts, along with an improved Professional Services margin mix, both contributed to an overall increase in Services margins.

The German Services business was buoyed by exceptionally high Professional Services volumes, particularly within the Public Sector, which is becoming a key specialism in Germany. High-end work on our traditional key strengths in Security, Networking and Cloud have driven growth in this area, alongside Windows 10 transformations. Ongoing high demand for IT personnel with quality technical skills continues to make the market challenging to address. In Managed Services, the 'difficult' contracts have now stabilised and the margin improvement was a significant driver for the Group's profitability. This contributed to the overall growth in Services margins, supported by the strong Professional Services business.

Following the non-renewal of the Group's largest Managed Services customer in the year, the French business has signed a number of new contracts, providing continued optimism about the longer-term prospects for Managed Services in France as the customer base diversifies. Our Professional Services business in France has seen a step-change in the scale and complexity of projects which we have won. The business continues to set new records for the size of projects that it has worked on, with a strong pipeline. Services margins improved, as increasing Professional Services demand drove higher utilisation and complemented the margins made on established Managed Services contracts.

Overall growth in the USA business was driven by the acquisition of FusionStorm in the second half of 2018. Whilst full-year performance across the Segment was slightly below our internal targets, this was weighed down by a poor first-half performance. As we noted at the half year, the FusionStorm Professional Services business, whilst small, underperformed against expectations. This was due to two challenging projects that resulted in lower margins and growth than forecast and which affected utilisation rates, in a business that was investing in resource as demand fell. Key contract renewals and expansions of scope supported the Managed Services business, which also added new opportunities to the Contract Base. Margins reduced from the prior year, heavily impacted by the Professional Services business.

Overall Group Services margins increased by 248 basis points during the year.

Outlook

As we stated back in January, the results for 2019 set a high bar for the business in 2020. It is too early to predict the outcome for the year as a whole and there is still much work to be done, particularly as we have not yet completed our first quarter. Our Services pipeline is the strongest we have seen for some time in both Professional Services and Managed Services. While we still believe customers will continue to invest in product, particularly in the areas of Security, Networking and Cloud, it may well be difficult to achieve the same growth rates we have seen in recent years.

The current COVID-19 outbreak makes forecasting the future even more challenging. In the short term, we are urgently supporting our customers focused on their business continuity plans which involves the need for a greater degree of remote working. We have seen a surge in demand for laptop computers for this purpose. To-date, supply constraints from our Technology Providers have been minimal, although there are some concerns going forward. We do, however, have some concerns that in the medium term, customers may postpone significant IT infrastructure projects while the current uncertainty remains. In the longer term, we feel more certain, either because when this crisis is behind us, life will return to normal and the fundamental business drivers for IT growth remain or, if there is a long-term reduction in business travel and commuting with a consequent upsurge in remote working, it can only drive the need for technology even further.

Our current focus is on maintaining continuity for our customers for the services and products we supply as well as doing whatever we can to protect the health of our employees, customers and the wider community.

UNITED KINGDOM

Revenue £m -1.8%

1,581.6

Adjusted¹ operating profit £m +10.6%

64.5

Services Contract Base £m -3.8%

292.6



Members of the UK leadership team

**The outlook for
Managed Services
is encouraging
with a significant
pipeline ahead.**

Neil Hall
Managing Director, UK and Ireland

Financial performance

Revenues in the UK business decreased by 1.8 per cent to £1,581.6 million (2018: £1,611.3 million).

The UK business reported modestly lower revenues across Technology Sourcing, Professional Services and Managed Services. However, Technology Sourcing revenues for the prior year were flattered by the inclusion of two one-off software licence sales totalling £70.8 million, at very low margins. After adjusting the 2018 comparative for these deals, Technology Sourcing showed good revenue growth and total revenues in the UK increased by 2.2 per cent.

We increased the number of large customers during 2019, which are those who contribute over £1 million of adjusted¹ gross profit per year, with six added to the list. Greater investment in our front-end Sales and Service Management teams should further increase the number of new customers during 2020.

Overall margins in the UK increased by 122 basis points, with total adjusted¹ gross profit increasing from 12.8 per cent to 14.0 per cent of revenues. Adjusted¹ gross profit grew by 7.5 per cent to £221.2 million (2018: £205.7 million).

Administrative expenses increased by 6.3 per cent to £156.7 million (2018: £147.4 million), due to increased variable remuneration, functional changes and improvements to broaden our capabilities and skills portfolio.

This resulted in adjusted¹ operating profit growing by 10.6 per cent to £64.5 million (2018: £58.3 million).

We have taken measures to manage our cost base, ensure we have only the right skills going forward and retain high utilisation levels for our Consulting and Engineering teams. This involved reducing the volume of legacy skills and ensuring we have the new and emerging skills our customers need, such as those related to adopting Public Cloud and enabling Multi-Cloud environments.

Technology Sourcing performance

Technology Sourcing revenue decreased by 1.3 per cent to £1,142.7 million [2018: £1,157.9 million].

As noted above, revenue in 2018 contained two large, one-off and very low-margin software deals worth £70.8 million. Excluding these deals, Technology Sourcing revenues grew by 4.5 per cent during the year.

The revenue mix in 2019 moved marginally towards Workplace business and away from Enterprise business, with customers typically purchasing new technology in advance of implementing Digital Workplace transformations.

Technology Sourcing margins grew by 70 basis points compared to the prior year, benefiting from some improvement in product mix.

With Brexit negotiations ongoing, we have taken the decision to create the ability to serve the European arms of some of our UK-headquartered customers from our new facility in Kerpen, Germany. This will give us the flexibility to continue to support our customers' requirements, whatever the outcome of the trade negotiations.

We are confident that our progress in Technology Sourcing will continue through 2020, with new participation on two key Public Sector frameworks along with good demand from our existing customers to transform their environments. We are seeing more global consolidation of our customers' requirements for Technology Sourcing and are well positioned through our acquisition of FusionStorm to take advantage of these larger Enterprise volumes.

Services performance

Services revenue declined by 3.2 per cent to £438.9 million [2018: £453.4 million]. This resulted from a decline in Professional Services of 0.9 per cent to £117.7 million [2018: £118.8 million] and a decline in Managed Services of 4.0 per cent to £321.2 million [2018: £334.6 million].

We were disappointed that Professional Services revenues did not grow during 2019. This was partly due to delays in the uptake of Windows 10, as a result of Microsoft's decision to extend support for Windows 7. Professional Services benefited from work with existing customers, with more complex technology projects along with some key transformational programmes, typically driven by Digital Workplace and Public Cloud adoption.

The Managed Services decline was driven by the loss of a large customer in 2018, coupled with embedded year-on-year price reductions within our existing Contract Base, as we pass operational efficiency savings to our customers at renewal.

This was also a strong year for renewing existing contracts, notably with two large central government clients, where we signed multi-year renewals.

The outlook for Managed Services is encouraging with a significant pipeline ahead in our core markets of Finance, Public Sector, Technology Media & Telecoms and core industries such as Pharmaceuticals, Utilities and Oil & Gas. The type of opportunities are across all areas from Workplace to Networking including Public Cloud adoption and are spread across the year meaning, should we execute effectively, we will have the resource to take on in line with customer expectations.

In Professional Services, we closed the year with an increased order book, which gives us confidence of a return to growth through 2020. In Managed Services, the strong renewals performance in 2019 gives us a good platform to grow the Contract Base again in 2020. Our customers have held back on a straightforward migration to Windows 10 in favour of greater collaboration and value through a new Digital Workplace. This creates an opportunity to return to some of the larger-volume Professional Services work we have seen previously.

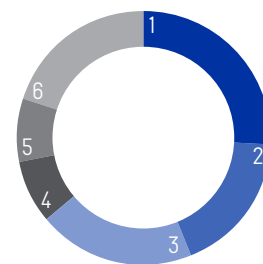
Services margins increased by 276 basis points over the year, as a result of greater efficiency and through improvements in the quality of Services we deliver for customers, meaning we could achieve our year-on-year commitments to reduce the cost of those Services while also improving profitability.

Revenue £m -1.8%

1,581.6

2019	1,581.6
2018	1,611.3
2017	1,468.2
2016	1,352.0
2015	1,379.8

Revenue by business type



- 1 Workplace 26%
- 2 Data Center, Networking & Security 18%
- 3 Software 20%
- 4 Resold Services 8%
- 5 Professional Services 8%
- 6 Managed Services 20%

GERMANY

Revenue €m +5.2%

2,226.6

Adjusted¹ operating profit €m +27.9%

96.7

Services Contract Base €m +2.0%

420.1



Members of the German leadership team

We expect demand to remain strong, especially in the Public Sector.

Reiner Louis
Managing Director, Germany

German headquarters – Kerpen, Germany

Financial performance

Total revenue increased by 5.2 per cent to €2,226.6 million (2018: €2,115.7 million) and by 3.8 per cent in reported pound sterling equivalents².

After a slow start, the financial year ended slightly above expectations as a result of a good third quarter and a very strong fourth quarter.

Sales growth of 5.2 per cent was good, particularly given the significant decline in business with one of our largest customers. Despite the continuing problems in the automotive and chemical sectors, we maintained our growth path of previous years in these sectors. We also saw above-average growth in the Public Sector business and in some other sectors, such as the construction industry, trade and auditing firms. The customer base expanded further and there were particular initial successes in increasing the number of customers new to Computacenter.

The overall result was driven by a continued strong Technology Sourcing business and a strong Services business, particularly in Professional Services. Above all, Computacenter benefited from the continuing strong demand for skills and technology projects in the Cloud, Security, Networking and collaboration areas, as well as strong demand for Windows 10 migration projects. In addition, we succeeded in winning three new major contracts in Managed Services, while stabilising the remaining problem contracts or bringing them into profitability.

Overall margins in Germany increased by 107 basis points, with adjusted¹ gross profit increasing from 12.3 per cent to 13.4 per cent of revenues. Adjusted¹ gross profit grew by 14.3 per cent to €298.7 million (2018: €261.4 million) and by 12.8 per cent in reported pound sterling equivalents².

Administrative expenses increased by 8.7 per cent to €202.0 million (2018: €185.8 million), and by 7.2 per cent in reported pound sterling equivalents². The cost increase was slightly above target, due to higher pre-sales costs and in particular the expansion of the sales support units. Investing in new opportunities should contribute to future growth and has already led to some new business.

Adjusted¹ operating profit for the German business increased by 27.9 per cent to €96.7 million (2018: €75.6 million) and by 26.5 per cent in reported pound sterling equivalents². Profits grew faster than revenue, despite the increase in indirect costs. This was mainly due to the continued strong Technology Sourcing margin but the margin development in Services also contributed. In particular, Professional Services growth significantly exceeded expectations.

We expect the German business to continue on its growth path in 2020. Despite the ongoing problems in the German economy, especially in the automotive industry and its suppliers, mechanical engineering and the chemical industry, we expect demand to remain strong, especially in the Public Sector. Digitalisation driven by the Government and the associated investment in solutions and infrastructure will provide us with additional opportunities. Customers are signalling continued high demand in the areas of Security, Multi-Cloud management, Data Centers and Networking refreshes, followed by the first major investments in setting up and expanding collaboration environments. Ongoing Windows 10 migrations and implementations of Windows Evergreen Services will also ensure that demand remains high in 2020. It should be possible to expand the customer base through a major customer contract campaign initiated in 2019, which will continue in 2020. We should also benefit from the positive effects of the improved difficult contract performance in Managed Services.

Technology Sourcing performance

Technology Sourcing revenue grew by 4.2 per cent to €1,566.5 million (2018: €1,502.9 million) and by 2.7 per cent in reported pound sterling equivalents².

Our Technology Sourcing business benefited from ongoing strong Networking and Security demand, supported by our partnership with Cisco, as well as strong Workplace business, driven by Windows 10 and the associated replacement investments. Growth in Public Sector business meant overall performance in the year was reasonable, despite the significant decline in Data Center sales to our largest customer, a German software hyperscaler, which reverted to more normal levels of business. Adjusting for the impact of that customer, Technology Sourcing grew by 13 per cent, which should be above market.

We also saw a couple of wins benefiting from our new Kerpen Integration Center capabilities. Most of our customer base attended full day workshops in Kerpen, to demonstrate our strengthened delivery capabilities, resulting in very good feedback. This should generate positive momentum for future business.

Technology Sourcing margins increased by 15 basis points over last year and remained at a high level. The improvement was predominantly driven by the product mix, with more high-value Networking and Data Center business.

Services performance

Services revenue grew by 7.7 per cent to €660.1 million (2018: €612.8 million) and by 6.5 per cent in reported pound sterling equivalents². This included Professional Services growth of 25.8 per cent to €236.8 million (2018: €188.2 million), an increase of 24.3 per cent in reported pound sterling equivalents², and a small reduction in Managed Services of 0.3 per cent to €423.3 million (2018: €424.6 million), a decline of 1.4 per cent in reported pound sterling equivalents².

In 2019, we reported strong Services growth ahead of the market average, especially in Professional Services. After a rather subdued first half of the year, we saw a very strong second half, with growth in almost all industries and especially in the Public Sector. Thanks to the headcount expansion in the technology areas, especially Security, Cloud and Networking, which we initiated in 2018, we were able to satisfy the continuing high level of customer demand to some extent. Nevertheless, the issue of resource scarcity remains a major challenge for all IT companies in Germany.

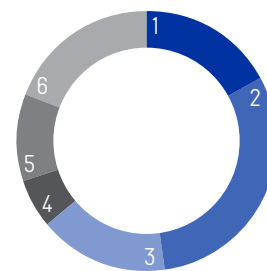
In the Managed Services Segment, we closed the year with revenues slightly above expectations. We focused on service stability for the problem deals in this area rather than growth, but were still able to maintain revenue at the previous year's level. However, three major wins should provide growth impetus in the coming year. These wins included a worldwide Workplace on-site and IMAC support for one of the largest German pharmaceutical companies, as well as a complete Workplace contract for a public health insurance company. Good results were also achieved in the extension of existing contracts, with almost all major contracts extended or renegotiated. This reflects an increase in customer satisfaction in this area, compared with the problems of previous years, with Services significantly stabilised and creating the basis for contract extensions.

Revenue €m +5.2%

2,226.6

2019	2,226.6
2018	2,115.7
2017	1,954.2
2016	1,690.1
2015	1,633.1

Revenue by business type



- 1 Workplace 17%
- 2 Data Center, Networking & Security 31%
- 3 Software 16%
- 4 Resold Services 6%
- 5 Professional Services 11%
- 6 Managed Services 19%

Overall, the Services margin was 309 basis points higher than last year. Increasing Services profitability was one of the key goals for 2019, with the business achieving good results through stabilising and improving the profitability of the historical difficult contracts. This was a particular contributor to increased Services profits, along with the higher than expected Professional Services revenue.

FRANCE

Revenue €m +15.7%

644.7

Adjusted¹ operating profit €m +76.3%

14.1

Services Contract Base €m +11.7%

101.3



Members of the French leadership team

This year was also important in demonstrating our ability to execute large technological projects.

Arnaud Lepinois
Managing Director, France

New Service Center – Perpignan, France

Financial performance

Total revenue increased by 15.7 per cent to €644.7 million (2018: €557.4 million). In reported pound sterling equivalents², total revenue was up 14.1 per cent.

Our French business significantly increased its revenues in a positive market, as it refocused its sales activities on winning the right business with target customers, without reducing the size of the sales force. We were pleased to increase the number of large customers, including some high-profile new names, while working very well with our installed base, which has also showed good growth.

We were also pleased with good growth in our two business sectors. The Public Sector delivered good growth with existing customers, thanks to numerous wins in large framework contracts. In the private sector we also grew business with existing customers by diversifying the activities delivered and won two significant new Managed Services contracts. We renewed 100 per cent of our Managed Services contracts in 2018, and achieved many gains in 2019, however we suffered a setback on a very large international account, which will have a negative impact on 2020 and in particular 2021.

The restructuring of the teams in the private sector continues to deliver results and we were pleased with the very good integration of new starters. The successful strengthening of the Sales Specialists' teams is also continuing, to ensure the sales system has the skills necessary to support increasingly complex businesses.

We saw very good growth in Technology Sourcing and Services activities, after a very good year in 2018. We achieved this growth by working on the right customer set, with the right value proposition, by optimising our delivery capabilities, automating more and keeping our cost structures under control, leading to net results improving significantly.

This year was also important in demonstrating our ability to execute large technological projects, with an exceptional result on the two largest projects ever delivered by Computacenter in France. We will continue to focus on large organisations, helping their IT decision makers to enable users with advanced support and guidance and supporting their businesses by delivering outstanding infrastructure Services and solutions. In this context, our alignment with Group propositions and Services capabilities remains key. To enforce this alignment and support further growth,

we invested in 2019 to increase significantly our resources in operations. To support talent development and attraction, we launched the Computacenter University to recruit, train and certify new resources, ready to support our growth in the modern Workplace management and Multi-Cloud spaces. We have recruited and trained more than 30 new people in our Consultancy team and, for the first time, this is now bigger than our Project Management team.

We also launched our new Service Center in Perpignan, with the recruitment of more than 30 people. The Service Center is on track to grow to more than 150 employees in the coming months, to support the growth of Managed Services activities.

Overall, margins in France increased by 80 basis points, with adjusted¹ gross profit increasing from 11.3 per cent to 12.1 per cent of revenues.

Overall adjusted¹ gross profit grew by 24.3 per cent to €78.2 million [2018: €62.9 million] and by 22.4 per cent in reported pound sterling equivalents².

Administrative expenses increased by 16.8 per cent to €64.1 million [2018: €54.9 million], and by 15.0 per cent in reported pound sterling equivalents² as we have continued to invest to support the growth.

Adjusted¹ operating profit for the French business increased by 76.3 per cent to €14.1 million [2018: €8.0 million], and by 73.2 per cent in reported pound sterling equivalents².

Technology Sourcing performance

Technology Sourcing revenue increased by 17.8 per cent to €524.0 million [2018: €444.9 million] and by 16.2 per cent in reported pound sterling equivalents².

2019 was a very good year for Technology Sourcing, thanks to the investment in the Sales Specialists teams, who were able to bring additional expertise to win major projects. We also worked very well with our Technology Providers, to maintain our margins in a market under strong pressure. Finally, our investments in technical resources allow us to manage this growth internally and we are working to develop an ecosystem with other partners, to better respond to important requests from customers and the shortage of talent on the market.

The rebalancing of our technological activities is continuing as well, supported by the go-to-market propositions produced by the Group. We have seen significant improvement in our product mix alongside growth in all Segments.

Finally, in 2019 we launched a financing activity dedicated to France, in order to support new consumption patterns among our customers. We now have dedicated local teams to offer relevant as-a-service models. Overall, Technology Sourcing margins increased by 84 basis points.

Services performance

Services revenue increased by 7.3 per cent to €120.7 million [2018: €112.5 million] and by 5.9 per cent in reported pound sterling equivalents². Professional Services revenue increased by 27.6 per cent to €27.3 million [2018: €21.4 million], which was an increase of 25.9 per cent in reported pound sterling equivalents². Managed Services revenues increased by 2.5 per cent to €93.4 million [2018: €91.1 million], an increase of 1.2 per cent in reported pound sterling equivalents².

With many large wins over the last 18 months, Managed Services activity grew in 2019 despite the year-on-year revenue reduction on existing contracts. However, a large international contract was not renewed, which will affect our activity levels in 2020 and especially in 2021, as the contract comes to an end in the first half of 2020. This will also impact some of our international Service Centers which provided significant volumes of the customer-facing work.

However, 2020 will benefit from a full year of the major new contracts signed with CAC40 accounts that were in transition in 2019, enabling us to continue to grow Managed Services in France. Our two Service Centers in France are now running at good capacity, while we continue to invest.

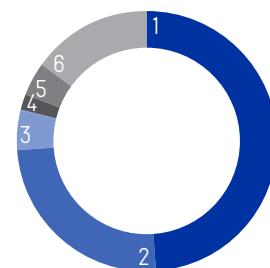
Although Professional Services activity remains relatively low compared to our Group colleagues, the business made pleasing progress and had strong growth in 2019, with ambitious growth plans in 2020 as well.

Revenue €m +15.7%

644.7

2019	644.7
2018	557.4
2017	581.3
2016	514.3
2015	565.4

Revenue by business type



- 1 Workplace 49%
- 2 Data Center, Networking & Security 25%
- 3 Software 5%
- 4 Resold Services 2%
- 5 Professional Services 4%
- 6 Managed Services 15%

In 2019, we demonstrated the excellence of our Professional Services activities on very successful large projects. This was an important step in building the credibility of these activities with our target customer set, in order to support their major transformation projects. This performance was the result of joint efforts by the Sales and Delivery teams and we intend to continue in this direction. To support the resurgence of resource-on-demand type requests, we have set up a system dedicated to the sale and sourcing of expert profiles.

We are confident in our ability to continue to develop the Services business in 2020, while continuing to improve our margins.

Services margins increased by 82 basis points over last year.

Our Performance in 2019
continued

USA

Revenue \$m +180.6%

986.6

Adjusted¹ operating profit \$m +107.1%

11.6



Members of the USA leadership team

**A newly formed
Partner
Management
function is already
driving significant
bottom line
results.**

Mike Keogh
Managing Director, USA

Integrated rack – Livermore, California

During the second half of 2018, the Group completed the material acquisition of FusionStorm. This business was combined with our existing Services-focused USA business, to create the USA Segment from 1 January 2019. Prior year segmental numbers have been restated but are not comparable, due to the size of the acquired Technology Sourcing-focused business against the existing USA Services business.

Financial performance

Total revenue increased by 180.6 per cent to \$986.6 million [2018: \$351.6 million]. In reported pound sterling equivalents², total revenue was up 183.1 per cent.

The USA performance was driven by Technology Sourcing, which saw its first full-year contribution to the Segment flatter headline results. Overall, revenue was below forecast due to a slowdown in volumes with several hyperscale Silicon Valley customers, particularly in the first half, with a recovery in the second half to more expected baseline performance, driven by stronger orders combined with strong backlog conversion. Services revenues were impacted by particular challenges in the Professional Services business.

Overall, margins in the USA decreased by 84 basis points, with adjusted¹ gross profit decreasing from 9.9 per cent to 9.0 per cent of revenues.

The Technology Sourcing business increased margin performance, due primarily to customer mix during the reporting period. The Professional Services business recovered somewhat from the first half due to cost reductions, but reported margins were still significantly below expectations overall. The Managed Services business reported flat margins year-on-year.

Overall adjusted¹ gross profit grew by 153.9 per cent to \$88.6 million [2018: \$34.9 million] and by 157.4 per cent in reported pound sterling equivalents². These headline numbers reflect the full-year inclusion of acquired entities.

Administrative expenses increased by 162.8 per cent to \$77.0 million [2018: \$29.3 million], and by 166.1 per cent in reported pound sterling equivalents². This was due to increasing variable remuneration, investments in our business development programme to hire and train our next generation of sales professionals, a newly formed Partner Management function that is already driving significant bottom line results, as well as continuing focus on scaling our technical capabilities to enhance

our value to customers and deploy our portfolio framework to enable our customers' success.

Adjusted¹ operating profit for the USA business increased by 107.1 per cent to \$11.6 million [2018: \$5.6 million], and by 111.6 per cent in reported pound sterling equivalents².

Overall, performance in the first half of 2019 was challenging, as sustaining last year's record growth in the underlying annualised comparative performance of FusionStorm proved difficult to repeat. The necessary action plans were put in place and tracked, and as a result performance moved back above our baseline business case projection. Significant expenses continue to affect profits, as the acquired entity had a significant investment backlog that we are correcting within our multi-year investment programme, including systems, facilities and people. We have a significant amount of work to do but the overall customer situation remains favourable, in terms of both retention and our predicted performance going forward.

Margins in the USA decreased by 90 basis points, with adjusted¹ gross profit decreasing from 9.9 per cent to 9.0 per cent of revenues. There remains considerable scope, through the adoption of Group processes and practices, to increase the margin performance of the USA business.

Technology Sourcing performance

Technology Sourcing revenue increased by 204.0 per cent to \$934.0 million [2018: \$307.2 million] and by 206.8 per cent in reported pound sterling equivalents².

The Technology Sourcing business consolidated after the prior year's strong performance. We saw a similar technology spending mix amongst major partners and technologies, particularly in the Data Center and Networking lines of business. We benefited from significant continuing investments by our customers, as they continue to digitise their operations and modernise their infrastructure. We continue to see customers seeking to simplify their operations by consolidating to fewer suppliers, resulting in long-term commitments and larger transactions. Simplifying supply chains via consolidation and process integration remain powerful value propositions to our target market customers.

USA Technology Sourcing margins improved 90 basis points over last year but remain 185 basis points behind the Group Technology Sourcing margin for the year, with the mix of hardware OEM vendors a key driver of our margins.

Throughout the first half of the year, Management initiated a number of activities to improve the underlying efficiency and effectiveness of the Technology Sourcing business. As a result of implementing a Partner Management organisation, modelled on similar functional teams in our European operations, we have been able to enhance our focus on driving mutual value with partners and increase our margins. There is still additional work in progress to drive our results as far as possible towards those achieved in Group Technology Sourcing.

Services performance

Services revenue increased by 18.5 per cent to \$52.6 million [2018: \$44.4 million] and by 19.4 per cent in reported pound sterling equivalents². Professional Services declined by 1.7 per cent to \$17.4 million [2018: \$17.7 million], which was a decrease of 1.4 per cent in reported pound sterling equivalents². Managed Services increased by 31.8 per cent to \$35.2 million [2018: \$26.7 million], an increase of 33.3 per cent in reported pound sterling equivalents².

There were particular challenges in the Professional Services business, which was scaled up to accommodate predicted growth that did not materialise. Necessary adjustments were made in the second quarter to return the business to the level of profitability seen in 2018. This resulted in over \$3 million in annual costs being removed from Professional Services at the end of the first half, with those reductions proving sustainable at similar business volumes to those experienced during the period.

The overall Services performance was subdued but showed an improving trend from the first half to the second half of 2019. It is notable that we have continued to see double-digit growth for our Integration Center projects, including complex distributed branch rollouts, as well as global Data Center build-out projects for our hyperscale customers.

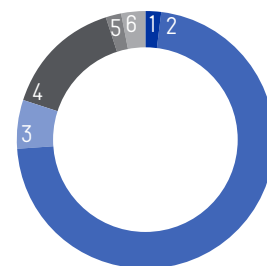
We continued to renew and extend key contracts, which created expected headwinds in our Managed Services business through certain reductions in pricing and volumes, as well as transitioning new customers into our Services Contract Base. One of the major French-headquartered USA Managed Service customers did not renew its contract and managing that contract down properly is a priority. However, we have a major customer going live in the region with a similar Managed Services scope that will partially offset this loss. The retention and expansion of core Managed Services

Revenue \$m +180.6%

986.6

2019	986.6
2018	351.6
2017	32.5
2016	31.2
2015	28.0

Revenue by business type



- 1 Workplace 2%
- 2 Data Center, Networking & Security 72%
- 3 Software 6%
- 4 Resold Services 15%
- 5 Professional Services 2%
- 6 Managed Services 3%

contracts typically helps drive our overall business, as customers ask us to deliver associated transformation activity and also leverage our Technology Sourcing capability. Accordingly, a renewed focus on expanding our Contract Base with US-originated contracts remains a strategic priority for the business.

We also continue to invest in and develop our operating models and practices for efficiency, with our customers increasingly leveraging centrally delivered shared services, particularly in our near-shore Service Center in Mexico City, as they strive to minimise operational expenditure.

Services margins decreased by 471 basis points but were 45 basis points ahead of the overall combined Group Services margin. Service margins were largely driven by under-utilisation of resources within the Professional Services segment, and flat margins within Managed Services.

INTERNATIONAL

Revenue £m +87.3%

191.4

Adjusted¹ operating profit £m +9.3%

8.2

Services Contract Base £m +8.4%

38.5



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

The Netherlands successfully implemented our Group ERP systems.

Lieven Bergmans
Managing Director, Rest of Europe

Integration Center – Bodegraven,
Netherlands

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

The trading entities include Computacenter Switzerland, Computacenter Belgium and Computacenter Netherlands. In addition to their operational delivery capabilities, these entities have in-country sales organisations, which enable us to engage with local customers. During the year, Computacenter Switzerland acquired PathWorks GmbH (PathWorks), a value-added reseller based in Neudorf (Luzern), Switzerland.

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

Financial performance

Revenues in the International business increased by 87.3 per cent to £191.4 million (2018: £102.2 million) and by 88.0 per cent in constant currency².

This significant increase was the result of modest growth in our existing businesses in Belgium and Switzerland, together with the revenues generated by the Dutch business acquired in September 2018 (2019: £86.2 million, 2018: £24.9 million) and PathWorks, which was acquired earlier this year in Switzerland (2019: £18.4 million).

Adjusted¹ gross profit increased by 51.6 per cent to £43.5 million (2018: £28.7 million), and by 52.1 per cent in constant currency². Approximately £11.2 million of the increase was from the acquired entities.

Administrative expenses increased by 66.5 per cent to £35.3 million (2018: £21.2 million) and by 67.3 per cent in constant currency² with approximately £10.1 million of this increase due to the acquired entities.

Administrative expenses outside the acquired entities grew according to our investment plans. We have increased our Belgian sales force and further reshaped our sales organisation in the Netherlands.

Overall adjusted¹ operating profit increased by 9.3 per cent to £8.2 million (2018: £7.5 million) and by the same percentage in constant currency², with the acquired entities contributing £1.2 million of growth, in line with our ambitions.

The Belgian business delivered a small profit growth, in line with our plans. In 2019, our focus was to establish significant growth in our sales capacity, with the aim of gaining further market share in the coming years.

Thanks to the acquisition of PathWorks, our Swiss business showed an increase in profit for the fifth consecutive year. While our first-half performance was excellent in all business lines, our Services performance was less strong in the second half of the year, mainly because of delayed starts on some customer projects. The integration of PathWorks is on track and we are pleased to see that customers now use our full capabilities in Technology Sourcing, Professional Services and Managed Services.

Our business in the Netherlands made very good progress in 2019. We have turned around the business from loss making towards profitability. The team also successfully implemented our Group ERP systems within the planned deadlines and integrated the local team within the Group Operating Model. While much remains to be done, we feel encouraged by the good progress in 2019 and aim for further growth in 2020.

Technology Sourcing performance

Technology Sourcing revenue increased by 118.0 per cent to £123.6 million [2018: £56.7 million] and by 121.1 per cent in constant currency².

Technology Sourcing in the International Segment benefited from £65.0 million of revenue from the acquisitions noted above.

In Belgium, the Workplace and Data Center business saw a small decline in contribution, mainly because our 2018 performance in both areas was exceptional. This decline was largely compensated for by the significant growth in our Networking business. We have further aligned with our Group's Digital Connect offering and booked some encouraging successes in this business area.

While our acquired PathWorks business in Switzerland was primarily focused on Public Sector customers, we have been able to offer our Technology Sourcing capabilities to our existing Services customers, mainly in the private sector. In comparison to PathWorks' 2018 full-year performance, year-on-year revenues grew over 50 per cent.

Technology Sourcing revenues in the Netherlands increased by 7.0 per cent, while the total contribution improved by 5.0 per cent. Although overall Technology Sourcing margins are healthy, we believe that the implementation of Group systems and the integration into the wider Group Operating Model will help us to further optimise our Technology Sourcing contribution in the coming years.

Services performance

Services revenue increased by 49.0 per cent to £67.8 million [2018: £45.5 million] and by 47.7 per cent in constant currency². Professional Services revenue was flat at £4.0 million [2018: £3.9 million] whilst Managed Services increased 53.4 per cent to £63.8 million [2018: £41.6 million], which was an increase of 51.5 per cent in constant currency². The Segment benefited from an increase of £14.7 million in Services revenue due to the acquisitions noted above.

The Belgian operation grew in both Professional Services and Managed Services, although we still have an opportunity to increase our Professional Services contributions, hence our investment in our pre-sales capabilities around infrastructure solutions. Our existing Managed Services contracts deliver good contributions and we continue to work on an improved long-term Managed Services pipeline.

Although the Swiss operation saw a revenue increase in both Managed Services and Professional Services we saw a decrease in the total Services contribution. As mentioned above, this was due to the investments made in our Services capabilities, which we have not been able to fully utilise during the year. The Services pipeline continues to grow and we remain confident that these investments will show returns in 2020.

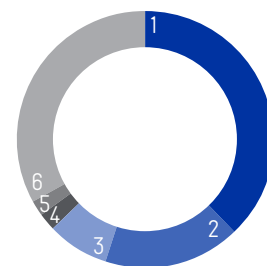
Compared to its pre-acquisition performance, the Dutch business saw a decline in Services revenue. This was partly due to our strategic decision to align our target customer base with that of the Group. On top of the aspiration to grow new Services opportunities within new targeted customers, we also use Group ERP system information to compare our Services performance with other Computacenter entities, with the aim of identifying optimisation opportunities in 2020.

Revenue £m +87.3%

191.4

2019	191.4
2018	102.2
2017	75.3
2016	68.0
2015	62.9

Revenue by business type



- 1 Workplace 38%
- 2 Data Center, Networking & Security 17%
- 3 Software 8%
- 4 Resold Services 2%
- 5 Professional Services 2%
- 6 Managed Services 33%

Customers continue to invest in technology even in challenging market and geopolitical conditions.

Tony Conophy
Group Finance Director



The continued success of Technology Sourcing and margin improvements in the Services business drove the Group's performance in 2019.

The Group result saw significant double-digit increases in adjusted¹ operating profit across the UK, France and Germany, with a solid contribution from the USA in the second half of the year. Margins improved almost everywhere across both Services and Technology Sourcing, capitalising on a year where the headline was once again significant Technology Sourcing growth. Customers continue to invest in technology to drive business efficiencies, improve IT Security and implement Multi-Cloud, even in challenging market and geopolitical conditions. As a result, France and Germany had another year of very strong growth, with Germany significantly exceeding expectations. The UK also returned to growth when the one-off low-margin contracts of 2018 are normalised out. Both the UK and France benefited from customers investing in Security, Networking and Workplace in particular.

Professional Services revenue was very strong across the Group, driven by high demand for increasingly complex skills across France and Germany. We continue to look for ways of increasing the capacity of the German business to meet the strong demand for the diverse blend of offerings within Professional Services.

Managed Services revenue was flat overall, with reductions in Germany and the UK due to several key losses and renewal-led Contract Base attrition, offset by gains in France and elsewhere and flattered by the acquired businesses. However, recent wins within our core countries lead us to believe that the Contract Base remains secure in the medium term. Significantly, the problems of the difficult contracts that we saw in 2018 are behind us, with the stabilised contracts, and improvements in other contracts, leading to a strong increase in margins.

A reconciliation between key adjusted¹ and statutory measures is provided on page 53 of this Group Finance Director's Review.

Further details are provided in note 4 to the Consolidated Financial Statements, Segment information. For the avoidance of duplication, further information on the Group's financial performance can be found on pages 40 to 51 of this Strategic Report.

Reconciliation from statutory to adjusted¹ measures for the year ended 2019

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

Reconciliation from statutory to adjusted¹ measures for the year ended 2018

	Statutory results £'000	Adjustments				Adjusted ¹ results £'000
		CSF interest £'000	Amortisation of acquired intangibles £'000	Utilisation of deferred tax £'000	Exceptionals and others £'000	
Revenue	4,352,570	–	–	–	–	4,352,570
Cost of sales	(3,804,019)	(293)	–	–	–	(3,804,312)
Gross profit	548,551	(293)	–	–	–	548,258
Administrative expenses	(439,183)	–	4,451	–	5,240	(429,492)
Operating profit	109,368	(293)	4,451	–	5,240	118,766
Finance income	1,250	–	–	–	–	1,250
Finance costs	(2,490)	293	–	–	417	(1,780)
Profit before tax	108,128	–	4,451	–	5,657	118,236
Income tax expense	(27,199)	–	(1,169)	1,933	(4,444)	(30,879)
Profit for the year	80,929	–	3,282	1,933	1,213	87,357

Profit before tax

The Group's statutory profit before tax increased by 30.4 per cent to £141.0 million (2018: £108.1 million). Adjusted¹ profit before tax increased by 23.8 per cent to £146.3 million (2018: £118.2 million) and by 24.9 per cent in constant currency².

The difference between statutory profit before tax and adjusted¹ profit before tax primarily relates to the Group's reported net costs of £5.3 million (2018: net costs of £10.1 million) from exceptional and other adjusting items which is principally the amortisation of acquired intangibles as a result of the acquisition of FusionStorm on 30 September 2018. Further information on these items can be found on page 56.

The Group has adopted IFRS 16 from 1 January 2019 which has resulted in changes in accounting policies and adjustments to the amounts recognised in the Financial Statements. The comparative results for the year ended 31 December 2019 have not been restated under the accounting policies adopted. The current year results include an overall decrease in profitability before tax of £1.7 million on both statutory and adjusted¹ basis due to the impact of IFRS 16. Right-of-use assets and lease liabilities of £120.6 million were recorded as of 1 January 2019, with no net impact on retained earnings. The Group recognised £110.9 million of right-of-use assets and £116.8 million of lease liabilities as at 31 December 2019. An analysis of the impact of transition is presented in note 2 to the Consolidated Financial Statements Summary of significant accounting policies on page 128 of this Annual Report and Accounts. Further information on the implementation of, and transition to, IFRS 16 is included later within the Group Finance Director's Review on page 58 of this Annual Report and Accounts.

Profit for the year

The statutory profit for the year increased by 25.6 per cent to £101.6 million (2018: £80.9 million). The adjusted¹ profit for the year increased by 20.8 per cent to £105.6 million (2018: £87.4 million) and by 22.1 per cent in constant currency².

Net finance income

Net finance charge in the year amounted to £6.1 million on a statutory basis (2018: charge of £1.2 million). The charge includes £3.7 million of interest on lease liabilities recognised following the adoption of IFRS 16 on 1 January 2019. This now includes the CSF charge previously excluded on an adjusted¹ basis (2018: £0.3 million) but now included within the wider charge on lease liabilities under IFRS 16. See page 58 for more

information on the transition to IFRS 16. A further £1.8 million of cost relates to interest on the term loan drawn down for the FusionStorm acquisition (2018: £0.5 million), along with a £0.1 million cost for the unwind of the discount on the deferred consideration for acquisitions (2018: cost of £0.4 million) and £0.4 million cost on the term loan for the Kerpen facility (2018: cost of £0.2 million). The statutory net finance charge also includes exceptional interest costs of £0.8 million relating to the unwind of the discount on the deferred consideration for the purchase of FusionStorm (2018: £0.4 million) which is excluded on an adjusted¹ basis.

Outside of the items above, net finance income of £0.7 million was recorded (2018: income of £0.5 million). On an adjusted¹ basis, the net finance cost was £5.2 million during the year (2018: £0.5 million).

Taxation

The statutory tax charge was £39.4 million (2018: £27.2 million) on statutory profit before tax of £141.0 million (2018: £108.1 million). This represents a statutory tax rate of 27.9 per cent (2018: 25.2 per cent). The Group's adjusted¹ tax rate has benefited from the historical tax losses in Germany, the final residual of which was utilised during the year. The utilisation of the asset of £0.7 million (2018: £1.9 million) increased the statutory tax rate by 0.5 per cent (2018: 1.8 per cent) but is considered to be outside of our adjusted¹ tax measure.

During 2019, a tax credit of £0.8 million (2018: £3.1 million) was recorded due to post-acquisition activity in FusionStorm. This benefit derived from payments which were settled by the vendor, out of the consideration paid, via post-acquisition capital contributions to FusionStorm. As this credit was related to the acquisition and not operational activity within FusionStorm, is of a one-off nature and material to the overall tax result, we have classified this as an exceptional tax item, consistent with the treatment in 2018.

The tax credit related to the amortisation of acquired intangibles was £1.1 million (2018: £1.2 million). This relates primarily to the £4.1 million of amortisation of intangible assets that were recognised as a result of the FusionStorm acquisition (2018: £4.2 million). As the amortisation is recognised outside of our adjusted¹ profitability, the tax benefit on the amortisation is also only recognised in the statutory tax charge.

The adjusted¹ tax charge for the year was £40.7 million (2018: £30.9 million), on an adjusted¹ profit before tax for the year of

£146.3 million (2018: £118.2 million). The effective tax rate (ETR) was therefore 27.8 per cent (2018: 26.1 per cent) on an adjusted¹ basis. The ETR during the year was higher than the previous year due to the large increase in profitability in Germany, which also saw an increase in the German cash tax rate due to the now fully utilised German tax losses, and in the significant increase in profitability in the USA, primarily in the second half of the year, which has a significantly higher ETR than the Group. The ETR, excluding the impact of FusionStorm, is within the range that we indicated during the year at 27.2 per cent (H1 2019: 26.6 per cent).

We expect that the ETR in 2020 will remain under upwards pressure, due to the increasing reweighting of the geographic split of adjusted¹ profit before tax from the UK to Germany and the USA, where tax rates are substantially higher.

The Group Tax Policy was reviewed during the year and approved by the Audit Committee and the Board, with no material changes from the prior year. We make every effort to pay all the tax attributable to profits earned in each jurisdiction that we operate in. We do not artificially inflate or reduce profits in one jurisdiction to provide a beneficial tax result in another and maintain approved transfer pricing policies and programmes, to meet local compliance requirements. Virtually all of the statutory tax charge in 2019 was incurred in either the UK, German or USA tax jurisdictions.

Computacenter will recognise provisions and accruals in respect of tax where there is a degree of estimation and uncertainty, including where it relates to transfer pricing, such that a balance cannot fully be determined until accepted by the relevant tax authorities. There are no material tax risks across the Group. For 2019, the revised Group Transfer Pricing policy, implemented in 2013, resulted in a licence fee for the use of intellectual property equivalent to 1.0 per cent of revenue charged by Computacenter UK to Computacenter Germany, Computacenter France and Computacenter Belgium of £25.6 million (2018: £19.5 million). The licence fee reflects the value of the best practice and know-how that is owned by Computacenter UK and used by the Group. It is consistent with the requirements of the Organisation for Economic Co-operation and Development (OECD) base erosion and profit shifting. The licence fee is recorded outside the Segmental results found in note 4 to the Consolidated Financial Statements, Segment information, which analyses Segmental results down to adjusted¹ operating profit.

Revenue

	Half 1 £m	Half 2 £m	Total £m
2017	1,700.3	2,093.1	3,793.4
2018	2,008.9	2,343.7	4,352.6
2019	2,427.0	2,625.8	5,052.8
2019/18	20.8%	12.0%	16.1%

Adjusted¹ profit before tax

	Half 1		Half 2		Total	
	£m	% Revenue	£m	% Revenue	£m	% Revenue
2017	41.9	2.5%	64.3	3.1%	106.2	2.8%
2018	52.1	2.6%	66.1	2.8%	118.2	2.7%
2019	53.5	2.2%	92.8	3.5%	146.3	2.9%
2019/18	2.7%		40.4%		23.8%	

Revenue by Segment

	2019			2018		
	Half 1 £m	Half 2 £m	Total £m	Half 1 £m	Half 2 £m	Total £m
UK	793.9	787.7	1,581.6	861.1	750.2	1,611.3
Germany	889.0	1,054.7	1,943.7	866.0	1,006.7	1,872.7
France	271.4	291.5	562.9	230.7	262.6	493.3
USA	380.4	392.8	773.2	13.4	259.7	273.1
International	92.3	99.1	191.4	37.7	64.5	102.2
Total	2,427.0	2,625.8	5,052.8	2,008.9	2,343.7	4,352.6

Adjusted¹ operating profit by Segment

	2019					
	Half 1		Half 2		Total	
	£m	% Revenue	£m	% Revenue	£m	% Revenue
UK	23.5	3.0%	41.0	5.2%	64.5	4.1%
Germany	32.6	3.7%	51.9	4.9%	84.5	4.3%
France	6.1	2.2%	6.2	2.1%	12.3	2.2%
USA	1.2	0.3%	7.9	2.0%	9.1	1.2%
International	4.6	5.0%	3.6	3.6%	8.2	4.3%
Central Corporate Costs	(11.9)	(0.5%)	(15.2)	(0.6%)	(27.1)	
Total	56.1	2.3%	95.4	3.6%	151.5	3.0%

	2018					
	Half 1		Half 2		Total	
	£m	% Revenue	£m	% Revenue	£m	% Revenue
UK	25.9	3.0%	32.4	4.3%	58.3	3.6%
Germany	32.2	3.7%	34.6	3.4%	66.8	3.6%
France	2.1	0.9%	5.0	1.9%	7.1	1.4%
USA	0.4	3.0%	3.9	1.5%	4.3	1.6%
International	2.9	7.7%	4.6	7.1%	7.5	7.3%
Central Corporate Costs	(11.4)	(0.6%)	(13.8)	(0.6%)	(25.2)	
Total	52.1	2.6%	66.7	2.8%	118.8	2.7%

Group Finance Director's Review

continued

The table below reconciles the statutory tax charge to the adjusted¹ tax charge for the year ended 31 December 2019 and 31 December 2018.

	2019 £'000	2018 £'000
Statutory tax charge	39,397	27,199
Adjustments to exclude:		
Utilisation of German deferred tax assets	(733)	(1,933)
Exceptional tax items	839	3,091
Tax on amortisation of acquired intangibles	1,149	1,169
Tax on exceptional items	39	1,353
Adjusted¹ tax charge	40,691	30,879
Statutory ETR	27.9%	25.2%
Adjusted¹ ETR	27.8%	26.1%

Exceptional and other adjusting items

The net loss from exceptional and other adjusting items in the year was £4.0 million (2018: loss of £6.4 million). Excluding the tax items noted above which resulted in a statutory gain of £1.3 million (2018: gain of £3.7 million), the profit before tax impact was a net loss from exceptional and other adjusting items of £5.3 million (2018: loss of £10.1 million).

An exceptional loss during the year of £0.1 million (2018: £5.2 million) resulted from costs directly relating to the acquisition of FusionStorm. These costs include social taxes on a severance payment for the FusionStorm Chief Executive Officer, agreed as part of the acquisition. This cost is non-operational in nature, unlikely to recur, and related to the prior-year exceptional items recognised and has therefore been classified as outside our adjusted¹ results. A further £0.8 million (2018: £0.4 million) relating to the unwinding of the discount on the deferred consideration for the purchase of FusionStorm has been removed from the adjusted¹ net finance expense and classified as exceptional interest costs.

We have continued to exclude the effect of amortisation of acquired intangible assets in calculating our adjusted¹ results. Amortisation of intangible assets is non-cash, and is significantly affected by the timing and size of our acquisitions, which distorts the understanding of our Group and Segmental operating results.

The amortisation of acquired intangible assets was £4.4 million (2018: £4.5 million), primarily relating to the amortisation of the intangibles acquired as part of the FusionStorm acquisition. The 2018 value includes the write-off of a number of short-term acquired intangibles relating to the valuation of order backlogs. This has not recurred in 2019 due to the expiration of the valued assets in 2018.

Earnings per share

Statutory diluted earnings per share increased by 27.0 per cent to 89.0 pence per share (2018: 70.1 pence per share). Adjusted¹ diluted earnings per share increased by 22.2 per cent to 92.5 pence per share (2018: 75.7 pence per share).

	2019	2018
Basic weighted average number of shares (excluding own shares held) (no.'000)	112,514	113,409
Effect of dilution:		
Share options	1,655	1,984
Diluted weighted average number of shares	114,169	115,393
Statutory profit for the year attributable to equity holders of the Parent (£'000)	101,655	80,931
Basic earnings per share (pence)	90.3	71.4
Diluted earnings per share (pence)	89.0	70.1
Adjusted¹ profit for the year attributable to equity holders of the Parent (£'000)	105,654	87,359
Adjusted ¹ basic earnings per share (pence)	93.9	77.0
Adjusted ¹ diluted earnings per share (pence)	92.5	75.7

Dividend

The Group remains highly cash generative and adjusted net funds³ continue to regenerate on the Consolidated Balance Sheet, following the share buyback and the acquisition of FusionStorm in 2018. Computacenter's approach to capital management is to ensure that the Group has a robust capital base and maintains a strong credit rating, whilst aiming to maximise shareholder value.

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

Dividends are paid from the standalone Balance Sheet of the Parent Company and, as at 31 December 2019, the distributable reserves were approximately £165 million [2018: £184 million].

The Board is pleased to propose a final dividend of 26.9 pence per share. The interim dividend paid on 11 October 2019 was 10.1 pence per share. Together with the final dividend, this brings the total ordinary dividend for 2019 to 37.0 pence per share, representing a 22.1 per cent increase on the 2018 total dividend per share of 30.3 pence.

The Board has consistently applied the Company's dividend policy, which states that the total dividend paid will result in a dividend cover of 2 to 2.5 times based on adjusted¹ diluted earnings per share. In 2019, the cover was 2.5 times [2018: 2.5 times].

Subject to the approval of shareholders at our Annual General Meeting on 14 May 2020, the proposed dividend will be paid on Friday 26 June 2020. The dividend record date is set as Friday 29 May 2020 and the shares will be marked ex-dividend on Thursday 28 May 2020.

Central Corporate Costs

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

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

During the year, total Central Corporate Costs were £27.1 million, an increase of 7.5 per cent [2018: £25.2 million].

Within this:

- Board expenses, related public company costs and costs associated with Group Executive members not aligned to a specific geographic trading entity were slightly down at £7.1 million [2018: £7.5 million];

- share-based payment charges associated with the Group Executive members identified above, including the Group Executive Directors, increased from £2.7 million in 2018 to £3.0 million in 2019, due primarily to the increased value of Computacenter plc ordinary shares; and
- strategic corporate initiatives increased from £15.0 million in 2018 to £17.1 million in 2019, primarily due to increased spend on projects designed to increase capability, enhance productivity or strengthen systems which underpin the Group.

Cash and cash equivalents and net funds

Cash and cash equivalents as at 31 December 2019 were £217.9 million, compared to £200.4 million at 31 December 2018.

The Group delivered an operating cash inflow of £200.2 million for the year to 31 December 2019 [2018: £115.2 million inflow].

Net funds³ as at 31 December 2019 was £20.3 million, compared to net funds³ of £57.3 million as at 31 December 2018.

Adjusted net funds³ as at 31 December 2019 was £137.1 million, compared to adjusted net funds³ of £66.2 million as at 31 December 2018.

The Group had two specific term loans at the end of the year and no other material borrowings. The Group drew down a £100 million term loan on 1 October 2018, to complete the acquisition of FusionStorm. This loan is on a seven-year repayment cycle, with a renewal of the facility due on 30 September 2021. The Group took advantage of stronger than anticipated cash generation to make an unplanned repayment of £30 million of this loan in the second half of the year. As at 31 December 2019, £56.0 million remained of the loan [2018: £100.5 million].

The Group also has a specific term loan for the build and purchase of our new German headquarters and Integration Center in Kerpen, which stood at £24.8 million at 31 December 2019 [2018: £31.4 million]. The Integration Center opened in November 2018 and the office facility opened in March 2019, which concluded the project.

For a full reconciliation of net funds³ and adjusted net funds³, see note 30 to the Consolidated Financial Statements, analysis of changes in net funds.

The Group returned £100 million to shareholders in the first quarter of the previous year.

Capital expenditure in 2019 was £29.2 million [2018: £51.4 million], with the decrease due to the investment in our German headquarters, which primarily occurred in 2018. Current year spend included the final elements of the German facility, other investments in IT equipment and software tools to enable us to deliver improved service to our customers and the establishment of a new Integration Center in Livermore, California.

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

The Group excludes finance lease liabilities from its non-GAAP adjusted net funds³ measure, due to the distorting effect of the capitalised lease liabilities on the Group's overall liquidity position under the new IFRS 16 accounting standard. More details on these leases and the transition to IFRS 16 can be found below.

There were no interest-bearing trade payables as at 31 December 2019 [2018: nil].

The Group's adjusted net funds³ position contains no current asset investments [2018: nil].

Net funds as at 31 December 2019 and 31 December 2018 were as follows:

	2019 £'000	2018 £'000
Cash and short-term deposits	217,881	200,442
Cash and cash equivalents	217,881	200,442
Bank loans	(80,772)	(134,234)
Adjusted net funds ³ (excluding CSF and lease liabilities)	137,109	66,208
CSF	–	(8,928)
Lease liabilities	(116,766)	–
Net funds	20,343	57,280

Implementation of, and transition to, IFRS 16 Leases

A new accounting standard, IFRS 16 Leases, became effective for the Group from 1 January 2019 and replaces IAS 17 Leases.

IFRS 16 provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. The Group elected to apply the modified retrospective approach for transition to IFRS 16, meaning the Group has not restated the comparatives for 2018.

The Group has recognised an asset representing its right as a lessee to use a leased item and a liability for future lease payments, for all properties, equipment and vehicles previously held under operating leases. The costs of such leases have been recognised in the Consolidated Income Statement, split between depreciation of the right-of-use asset and an interest cost on the lease liability. This is similar to the accounting for finance leases under IAS 17, but substantively different to the accounting for operating leases, under which no right-of-use asset or lease liability was recognised, and rentals payable were expensed to the Consolidated Income Statement on a straight-line basis.

IFRS 16 therefore results in an increase to operating profit, which is reported prior to interest being deducted. Depreciation of the right-of-use asset is charged on a straight-line basis but interest is charged on outstanding lease liabilities and therefore reduces over the life of the lease. As a result, the impact on the Consolidated Income Statement below operating profit depends on the average lease maturity in any particular year. For an immature portfolio, depreciation and interest are higher than the rental charge they replace in any year and therefore IFRS 16 is dilutive to EPS. For a mature portfolio, they are lower and therefore IFRS 16 is accretive to EPS.

Finance leases previously capitalised under IAS 17 Leases have been reclassified to the right-of-use asset category under IFRS 16.

The Group took the benefit of the two key practical expedients on adoption of IFRS 16, which relate to either short-term contracts in which the lease term is 12 months or less, or low-value assets (less than £5,000), which are expensed to other operating expenses.

Refer to page 128 for further detail on the practical expedients applied on adoption of IFRS 16.

The judgements made by the Group on adoption of IFRS 16 included the selection of an appropriate discount rate to calculate the lease liability.

The adoption of IFRS 16 has had a significant impact on the presentation of the Group's assets and liabilities. The right-of-use assets are included within property, plant and equipment and corresponding lease liabilities are included within financial liabilities on the face of the Consolidated Balance Sheet. The cash and cash equivalents or the total cash flow at the year end are not affected by the adoption of IFRS 16. However, cash generated from operations and free cash flow measures increase, as operating lease rental expenses are no longer recognised as operating cash outflows. Cash outflows are instead split between interest paid and repayments of obligations under leases, which both increase.

On initial application, the Group has elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets and lease liabilities of £120.6 million were recorded as of 1 January 2019, with no net impact on retained earnings. The Group recognised £110.9 million of right-of-use assets and £116.8 million of lease liabilities as at 31 December 2019. During the year, the Group recognised £40.3 million of depreciation charge and £3.7 million of interest costs from these leases.

In the previous year, the rental expense of £42.3 million was charged to the Consolidated Income Statement under IAS 17. Had IAS 17 continued in operation during 2019, Group profit before tax, on both an adjusted¹ and statutory basis, would have been £1.7 million higher.

Asset reunification

Following the changes to our Articles of Association approved at our AGM on 16 May 2019, the Company, in conjunction with our Registrar, conducted an asset reunification exercise during the year. We are aware that shareholders can lose touch with us due to a number of reasons. The Board wanted to re-unite as many shareholders as possible with their unclaimed assets. Our Registrar engaged a specialist company, to help us trace shareholders with unclaimed assets. Following this process, all shares in the names of shareholders who had not cashed dividend cheques in over 12 years, and that could not be traced through the asset unification process, were sold with the resultant funds returned to the company alongside all uncashed dividends. A total of 21,458 shares were forfeited from 355 shareholders with a total of £0.2 million returned to the Company from the sale of the shares. These funds have been allocated by the Board to be used to support the charitable partners selected by our employees.

RDC acquisition

During the year we bought back R.D. Trading Limited (RDC), to ensure that we have an organic capability dedicated to the repurposing and recycling of IT equipment our customers no longer need. This allows us to have a positive impact at the end of the IT lifecycle, rather than assuming our responsibilities stop when we sell product to customers. See note 17, Investments, on page 153 for further information on the acquisition.

Segmental reporting structure changes

Due to the acquisitions made in 2018, Management reviewed the way it reported Segmental performance to the Board and the Chief Executive Officer, who is the Group's Chief Operating Decision Maker ('CODM'), during the first half of the year. As a result of this analysis, the Board has adopted a new Segmental reporting structure for the year ended 31 December 2019.

In accordance with IFRS 8 Operating Segments, the Group has identified five revised operating Segments:

- UK;
- Germany;
- France;
- USA; and
- International.

The Group has now added a fifth operating Segment which comprises the FusionStorm business acquired in 2018 and the existing USA operations, which transfer in from the International Segment.

The UK Segment now includes the TeamUltra trading operations from the International Segment, reflecting the fact that the majority of the work performed by TeamUltra is for UK customers. The TeamUltra operations have been absorbed into the UK trading entity, reflecting the importance of this capability to the UK business. This has also resulted in the combination of the previously separate cash-generating units for these businesses as, post-absorption, the ongoing operation is now assessed at this level. The reacquisition of RDC has been added to the UK Segment in the year, as the business primarily serves our UK customer base.

The International Segment now comprises a core 'Rest of Europe' presence, with key trading operations in Belgium, the Netherlands and Switzerland, along with the international Global Service Desk locations in South Africa, Spain, Hungary, Mexico, Poland, Malaysia, India and China. During the year, Computacenter Switzerland acquired PathWorks, a value-added reseller, based in Neudorf (Luzern), Switzerland. This acquisition allows us to add Technology Sourcing to our existing Swiss portfolio, completing the Group's Source, Transform and Manage offering. The Global Service Desk locations have limited external revenues, and a cost recovery model that suggests better than break-even margins to ensure compliance with transfer pricing regulations.

The French and German Segments remain unchanged from those reported at 31 December 2018.

As noted on page 57, Central Corporate Costs continue to be disclosed as a separate column within the Segmental note.

This new Segmental reporting structure is the basis on which internal reports are provided to the Chief Executive Officer, as the CODM, for assessing performance and determining the allocation of resources within the Group.

Segmental performance is measured based on external revenues, adjusted¹ gross profit, adjusted¹ operating profit and adjusted¹ profit before tax.

The change in Segmental reporting has no impact on reported Group numbers.

Further information on this Segmental restatement can be found in note 4 to the Consolidated Financial Statements where, to enable comparisons with prior year performance, historical segment information for the year ended 31 December 2018 has been restated in accordance with the revised Segmental reporting structure. All discussion within this Annual Report and Accounts on Segmental results reflects this revised structure and the resultant prior-year restatements.

Trade creditor arrangements

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

Capital management

Details of the Group's capital management policies are included in note 27 to the Consolidated Financial Statements.

Financial instruments

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

The Group enters into hedging transactions, principally forward exchange contracts or currency swaps, to manage currency risks arising from the Group's operations and its sources of finance. As the Group continues to expand its global reach and benefit from lower cost operations in geographies such as South Africa, Poland, Mexico and India, it has entered into forward exchange contracts to help manage cost increases due to currency movements.

The Group's policy is not to undertake speculative trading in financial instruments. The main risks arising from the Group's financial instruments are interest rate, liquidity and foreign currency risks. The overall financial instruments strategy is to manage these risks in order to minimise their impact on the Group's financial results. The policies for managing each of these risks are set out below. Further disclosures in line with the requirements of IFRS 7 are included in the Consolidated Financial Statements.

Interest rate risk

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

Liquidity risk

The Group's policy is to ensure that it has sufficient funding and facilities in place to meet any foreseeable peak in borrowing requirements. The Group's positive net cash was maintained throughout 2019 and at the year end was £217.9 million, with net funds³ of £20.3 million after including the Group's two specific borrowing facilities and lease liabilities recognised under IFRS 16. Excluding these lease liabilities, adjusted net funds³ was £137.1 million at the year end.

Group Finance Director's Review continued

Due to strong cash generation over the past four years, the Group can currently finance its operational requirements from its cash balance, and it operates an informal cash pooling arrangement for the majority of Group entities. During 2015, we extended an existing specific committed facility of £40.0 million for a three-year term through to February 2018. In January 2018, we extended the facility to £60.0 million with an expiry date of 22 May 2021. The Group has never drawn on this committed facility.

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

Foreign currency risk

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

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

The Group has been successful in winning international Services contracts, where Services are provided in multiple countries.

We aim to minimise currency exposure by invoicing the customer in the same currency in which the costs are incurred. For certain contracts, the Group's committed contract costs are not denominated in the same currency as its sales. In such circumstances, for example where contract costs are denominated in South African rand, we eliminate currency exposure for a foreseeable period on these future cash flows, through forward currency contracts.

In 2019, the Group recognised a loss of £0.8 million (2018: loss of £3.2 million) through other comprehensive income in relation to the changes in fair value of related forward currency contracts, where the cash flow hedges relating to firm commitments were assessed to be highly effective.

The Group reports its results in pound sterling. The ongoing weakness in the value of sterling against most currencies during 2019, in particular the euro, continued to benefit our revenues and profitability as a result of the conversion of our foreign earnings. However, the exchange rates seen in 2019 were not materially dissimilar to those seen in 2018. The impact of restating 2018 results at 2019 exchange rates would be a decrease of approximately £32.0 million in 2018 revenue and a decrease of £1.2 million in 2018 adjusted¹ profit before tax.

Credit risk

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

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

Planning for the United Kingdom exiting the European Union

Computacenter's target clients are large corporate customers and large Government departments. We operate in four principal geographies, the UK, Germany, France and the USA. This allows us to manage European Union (EU) requirements from our EU locations and we have a long history of trading with the subsidiaries of large global Western European headquartered organisations, in many diverse locations across the world. Therefore, the concept of exporting to and importing from multiple countries with the related systems requirements is already functioning across the business.

There remains considerable uncertainty around the structure of the future trading relationship between the UK and EU, following the UK's legal departure from the EU on 31 January 2020, which makes it difficult to develop specific plans for the various potential outcomes. However, we established a Committee for Planning for the United Kingdom exiting the European Union (the 'Committee') in 2017, to consider the key risks and changes that may be required.

This Committee is led by the Group Finance Director and includes senior staff from the key areas that may be affected, including:

- Finance, including Group Tax & Treasury and Group Commercial Finance;
- Group Human Resources, for employment and related matters;
- Group Legal & Contracting, including intellectual property, data protection and supplier contracting;
- Group Information Services, including IT systems, location of IT infrastructure and location of data; and
- Group Technology Sourcing, including Export/Import, Supply Chain Services, Commercial Operations, Technology Provider Relations and the potential impact of Waste Electrical and Electronic Equipment (WEEE).

The Committee meets regularly to review papers submitted by the subject matter experts and monitors an action list, to identify ways to minimise the impact of this change. The Committee monitors negotiation developments, actively considers the possible impacts of the United Kingdom's departure from the EU on our business and plans for changes to our processes and procedures that may be required. The Committee, through its members, liaises with our customers and our Technology Providers, and is supported in its work by specialist external advisors. The Committee has issued a series of briefing notes and FAQs to customer-facing employees, so they can respond to customer queries. The minutes of the meetings and the subject matter papers are reviewed at the Group Risk Committee and updates have been provided to both the Audit Committee and the Board.

Initial position and preparation

We are committed to operating our business and serving our customers in a way that properly manages and mitigates the impact of the UK leaving the EU. We will continue to work with our customers and partners to deliver leading IT infrastructure products and services during and after the UK's departure from the EU, including any period of transition.

While Computacenter advocates barrier-free trade in products, services and data between the UK and the EU, there remains considerable uncertainty about the changes to trade arrangements that will occur. This makes it difficult to take specific action and communicate specific plans. Computacenter believes, however, that it is well placed to deal effectively with any likely eventuality. The Company, led by the Committee, has taken a number of preparatory steps and assessed what we currently consider could

be the main impacts on the Company of exiting the EU and our initial views on managing those impacts, so as to cause minimal disruption to our customers.

Due to the already global nature of Computacenter's business, its in-house logistics and Service capabilities in the UK, Germany, France, Belgium and the Netherlands, and its placement in the IT infrastructure industry, the Committee does not currently consider that we will be materially impacted by the UK's departure from the EU. All the same, the Committee is paying particular attention to our Technology Sourcing business, where products routinely cross between continental Europe and the UK, and our IT Services business, where data can flow across borders, especially within the EU. For one large customer, we have already transferred the responsibility for its EU27 shipments from our UK Integration Center to our German Integration Center and can manage similar changes for other customers if required.

Technology Sourcing

Computacenter does not manufacture products, and instead sources and resells products manufactured by leading Technology Providers worldwide. We have over 30 years of Technology Sourcing experience and routinely trade with manufacturers, distributors and customers located both inside and outside the EU.

Any trade barriers created as a result of the UK's departure from the EU have the potential to increase cross-border supply complexity and cause delivery delays. We have been in regular dialogue with our suppliers to understand their strategies to deal with these, and to put in place appropriate mitigation strategies to reduce the risk to us and our customers. Additionally, we have been closely examining the countries of origin and destination of the deliveries we make to customers from each Integration Center. The vast majority of current customer Technology Sourcing product supply is transacted on a country to country basis. There are some instances where our UK business ships to Germany and our German business ships to the UK. This is primarily due to local customer ordering requirements. We have established a process where EU27 requirements of our UK customers will be shipped from Germany and vice versa.

While the precise outcome of the UK's departure from the EU is not yet clear, we are confident the imposition of new trade barriers will not require Computacenter to develop fundamentally new Technology Sourcing systems and processes. We are confident that adapting existing systems and processes to cope with an additional non-EU trading country, along with our multinational Integration Centers and our experience of international trade, will mean that we are well positioned in this regard.

Data transfer regulation

By incorporating the EU Commission approved Standard Contractual Clauses, the Group has built data transfer adequacy into its intra-Group agreements, to which all of its relevant UK and EU legal entities are party.

In this regard, the Company establishes appropriate safeguards for the purposes of General Data Protection Regulation Article 46, when transferring personal data to third countries not considered adequate by EU data protection standards. Computacenter has a strong desire for both the UK and EU Governments to agree an adequacy agreement on data protection, to ensure the continued smooth transfer of data post the UK's departure from the EU.

People

Whilst we do not employ a significant number of EU27 citizens in the UK or UK citizens in the EU, and all indications suggest that the UK Government and the EU have agreed that EU citizens living and working in the UK will be able to carry on doing so with undiminished rights after the UK's departure from the EU, there is still uncertainty. We will continue to closely support employees throughout the process of the UK's departure from the EU, including helping them to be fully aware of the applicable status/registration processes as they become known.

Opportunities

We are not alone in our sector in facing these challenges. A number of our European competitors have strong presences within the EU and sell from this base into the UK. Equally, a number of our global competitors have their European headquarters in the UK and address the EU market from there. Once the details of the trade deal following the UK's departure from EU are known, we will work with our major Technology Providers to address any concerns they may have about end-customers currently serviced by other resellers with single country operations or those stranded on either side of the UK-EU border.

It is likely that there will be additional investment required in IT systems to manage the transition. Whilst this will be a cost to us, it will also be an opportunity, as our customers, in some cases, may need to increase investment in a similar manner.

Wider economic impact

There is significant uncertainty in relation to the ultimate outcome of the trade negotiations that are expected to be resolved in 2020, to avoid a final 'no-deal' type departure from the EU on 31 December 2020, and the impact that this may have on business confidence and investment plans and therefore the marketplaces in which we operate. Whilst the UK's departure from the EU is frequently seen as only a risk or a negative event, it may also create new opportunities and we remain well positioned to support our customers whatever the outcome.

Going Concern

Computacenter's business activities, business model, Strategic Priorities and its performance are set out within this Strategic Report from the inside front cover to page 68.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out within this Group Finance Director's Review on pages 57 to 58.

In addition, notes 27 and 28 to the Consolidated Financial Statements include Computacenter's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit and liquidity risk.

The Directors have, after due consideration, a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the Consolidated Financial Statements, as set out on pages 123 to 176 of this Annual Report and Accounts.

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

Viability Statement

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

Viability timeframe

The Directors have assessed the Group's viability over a period of three years from 31 December 2019. This period was selected as an appropriate timeframe for the following reasons:

- the Group's rolling strategic review, as considered by the Board, covers a three-year period;
- the period is aligned to the length of the Group's Managed Services contracts, which are typically three to five years long;
- the short lifecycle and constantly evolving nature of the technology industry lends itself to a period not materially longer than three years;
- Technology Sourcing has seen greater recent growth than the Group's Services business, increasing the revenue mix towards the part of the business that has less medium-term visibility and is therefore more difficult to forecast; and
- the continuing macro-economic and political environment, following the Referendum on leaving the European Union, introduces greater uncertainty into a forecasting period longer than three years.

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

With regard to the principal risks set out on pages 63 to 68, the Directors remain assured that the business model will be valid beyond the period of this Viability Statement. There will continue to be demand for both our Professional Services and Managed Services businesses, and it is the responsibility of the Management to ensure that the Group remains able to meet that demand at an appropriate cost to our customers. The Group's value-added product reselling Technology Sourcing business only appears vulnerable to disintermediation at the low end of the product range, as the Group continues to provide a valuable service to customers and vendors alike, as described on pages 16 to 19.

Prospects of the Group assessment process and key assumptions

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

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

On a rolling annual basis, the Board considers a three-year business plan consisting of the detailed bottom-up financial target for the following year (2020) and forecast information for two further years (2021 and 2022), which is driven by top-down assumptions overlaid on the detailed target year. Key assumptions used in formulating the forecast information include organic revenue growth, margin improvement and cost control, continued strategic investments through the Consolidated Income Statement, and forecast Group effective tax rates, with no changes to dividend policy or capital structure beyond what is known at the time of the forecast. The financial target for 2020 was considered and approved by the Board on 17 December 2019, with amendments and enhancements to the target as part of the full three-year plan considered and approved by the Board on 5 March 2020.

Impact of risks and assessment of viability

The three-year business plan is subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecast. The forecast cash flows from the three-year plan are aggregated with the current position, to provide a total three-year cash position against which the impact of potential risks and uncertainties can be assessed. In the absence of significant external debt, the analysis also considers access to available committed and uncommitted finance facilities, the ability to raise new finance in most foreseeable market conditions and the ability to restrict dividend payments as an instrument of last resort.

The potential impact of the principal risks and uncertainties, as set out on pages 63 to 68, is then applied to the sensitised three-year business plan. This assessment includes only those risks and uncertainties that, individually or in plausible combination, would threaten the Group's business model, future performance, solvency or liquidity over the assessment period and which are considered to be severe but reasonable scenarios. It also takes into account an assessment of how the risks are managed and the effectiveness of any mitigating actions. The combined effect of the potential occurrence of several of the most impactful

risks and uncertainties is then compared to the cash position generated throughout the sensitised three-year plan, to assess whether the business will be able to continue in operation.

For the current period, the risk related to an eventual 'no-deal' departure of the UK from the EU on 31 December 2020 has been added to the sensitivity analysis. The analysis now includes assumptions of limited short-term one-off costs required to adapt systems and processes to changes in cross-border selling and customs regimes, in order to avoid Technology Sourcing friction and to remediate any concerns over data storage and transfer. These cost assumptions have been aggregated into existing sensitivities, which already model a general prolonged market downturn scenario that represents the 'worst-case' impact from the UK leaving the EU under a 'no-deal' basis on 31 December 2020. Whilst the immediate risk of such an exit has receded following the successful passage of the Withdrawal Agreement and the legal departure from the EU on 31 January 2020, the robust sensitivity analysis remains in place throughout the 2020 transition period ahead of the deadline to agree a trade deal by 31 December 2020.

Conclusion

Based on the period and assessment above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities as they fall due over the three-year period to 31 December 2022.

Fair, balanced and understandable

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

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

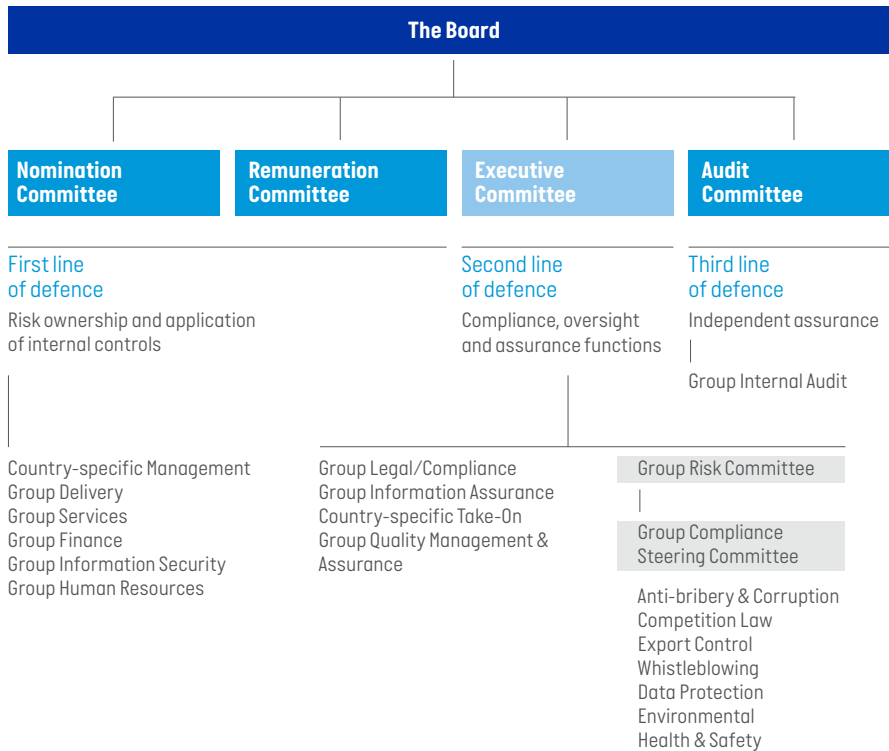
This Strategic Report was approved by the Board on 11 March 2020 and signed on its behalf by:

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

Principal Risks and Uncertainties

Our risk governance model



1. Risk overview/landscape

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

2. Risk appetite

Our risk appetite is strongly influenced by our experience in the industry sector. At an operational level, we have a higher risk appetite for business development where we have experience of the risks and a lower risk appetite where we have less experience. This is supported day-to-day by our operating policies and governance

processes, which include decision-making support and authority over new contracts and contract changes.

3. Risk culture

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

4. Risk identification and impact

The Group Risk Committee reviews our principal risks, which are the barriers to meeting our strategic goals, on an annual basis. This top-down approach includes assessing whether emerging risks are significant enough to warrant inclusion in the Group Risk Log. If so, the likelihood of occurrence and potential impact are considered and the risk is subject to regular review. The impact of existing risks is also reviewed. The Group Risk Log is reviewed by both the Audit Committee and the Board. The key risks are considered further in relation to the long-term Viability Statement [see pages 61 to 62].

Lower-level risks are identified and analysed in two distinct ways. These are:

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

5. Risk trends

The overall risk landscape has remained static relative to last year, although issues such as the UK's departure from the EU have become more immediate. Additionally, we continue to monitor the effects of the COVID-19 outbreak in China and around the globe for its potential impact on our business. [See also Strategic Risks below]

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

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

For the first time, we have recognised in this category the increasing globalisation of customer demand for products and Services, resulting in a changing global competitive landscape.

While we continue to monitor the effects of the COVID-19 outbreak in China and beyond some elements will remain outside of our control, such as a major escalation of the crisis and a production shutdown. Nevertheless, we remain in close and regular contact with our major vendors with production facilities in China. Internally, we have plans in place should a major outbreak occur in any country in which we have operations.

Principal Risks and Uncertainties
continued

Contractual/Operational: Our main focus remains on the effective governance of contracts, both in the pre-deal phase and in delivery. This includes the emphasis we place on data privacy.

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

Financial: While risks relating to the UK's departure from the EU remain under review, we nevertheless continue to concentrate on the fundamentals important to our business. Further details on the UK's departure from the EU can be found on pages 60 to 61 in the Group Finance Director's Review.

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

Our four Strategic Priorities

Strategic Priority 1:

To lead with and grow our Services business

Strategic Priority 2:

To improve our Services productivity and enhance our competitiveness

Strategic Priority 3:

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

Strategic Priority 4:

To innovate our Services offerings to build future growth opportunities

Risk categories:

Strategic Risks

Market shift in technology usage

●

Not investing appropriately

●

●

Geo-political risk

●

Increasing globalisation of customer demand

●

●

●

Contractual/Operational Risks

Lack of effective pre-contract processes

●

Lack of effective post-contract delivery

●

Data privacy failure

●

FusionStorm integration

●

●

●

●

Infrastructure Risks

Cyber threat

●

Integrity failure of critical systems

●

●

●

Financial Risks

Poor control of debt management

●

Under-investment in indirect costs

●

●

UK's departure from the EU

●

●

●

People Risks

Poor staff recruitment and retention

●

●

●

●

Inadequate succession planning

●

●

●

Failure to ensure adequate diversity

●

●

●

Group risk log 2019 heat map



- 1: Strategic Risks
- 2: Contractual/Operational Risks
- 3: Infrastructure Risks
- 4: Financial Risks
- 5: People Risks

1. Strategic Risks

Alert status

New risk recognised in relation to the increased globalisation of customer demand. Allied to geo-political risk, the COVID-19 outbreak may impact on our supply chain and we continue to monitor developments closely.

Risks

- Market shift in technology usage, making what we do less relevant or superfluous (DD)
- Not investing appropriately to enhance our competitiveness (DD)
- Geo-political risk arising from our increasingly global operations (CEO)
- Increasing globalisation of customer demand (CEO)

Principal impacts

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

Response to risks

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

Risk owner

- Chief Executive Officer (CEO)
- Group Development Director (DD)

2. Contractual/Operational Risks

Alert status

Contract risks reduced due to governance enhancements. ●

Risks

- Lack of effective pre-contract processes, resulting in poor design, costing and pricing [GSD/CMD]
- Lack of effective post-contract delivery [GSD/GDD]
- Data privacy failure [HL&C/GCIO]
- Failure to integrate FusionStorm effectively [DD/PA]

Principal impacts

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

Response to risks

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

Risk owners

- Country Managing Directors [CMD]
- Head of Legal & Contracting [HL&C]
- Group Delivery Director [GDD]
- Group Chief Information Officer [GCIO]
- Group Services Director [GSD]
- Group Development Director [DD]
- President Americas [PA]

3. Infrastructure Risks

Alert status

Unchanged.

Risks

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

Principal impacts

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

Response to risks

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

Risk owner

- Group Chief Information Officer [GCIO]

4. Financial Risks

Alert status

Unchanged. Whilst the UK has now officially left the EU and is in a transition period until 31 December 2020 and there is still a risk relating to the final agreement on EU free market access, the risk of a hard Brexit is less likely now and the clear direction from a strong Government has been helpful.

Risks

- Brexit effect on the Computacenter business. This may manifest itself as either a risk (threat to the business as a result of negative customer sentiment, forex volatility, effect and impact of data residency issues) or a business opportunity as existing and potential customers establish operations in EU countries, requiring Computacenter product and services as a result
- Under-investing in our indirect costs, particularly Sales, leading to missed opportunities and top line impact (CEO)
- Failure to manage working capital effectively (FD)

Principal impacts

- Missed business opportunities
- Non-renewal of contracts
- Reduced revenue
- Reduced margin
- Financial impact through bad debts, obsolete inventory and/or other working capital movements

Response to risks

- Potential effect of the UK's departure from the EU is subject to ongoing review by the Group Risk Committee. Executive-level committee meets regularly and reviews risks and mitigations in more detail
- Implementation of debt management best practice after centralising Group-wide collection functions at the Budapest Finance Shared Service Center
- Inventory management controls and monitoring
- Monthly review by Management to assess sales teams' ongoing performance and future effectiveness

Risk owners

- Chief Executive Officer (CEO)
- Group Finance Director (FD)

5. People Risks

Alert status

Unchanged.

Risks

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

Principal impacts

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

Response to risks

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

Risk owners

- Chief People Officer (CPO)
- Chief Executive Officer (CEO)

GOVERNANCE REPORT



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CHAIRMAN'S GOVERNANCE OVERVIEW



It is critical that the Board has the right composition.

Peter Ryan
Non-Executive Chairman

Dear Shareholder,

I am pleased to present Computacenter's Corporate Governance Report for the year ended 31 December 2019. This Report aims to assist our shareholders in understanding the Group's approach to corporate governance. It outlines and explains the Group's governance policies and practices, and sets out how we applied the 2018 UK Corporate Governance Code ('the Code') during the year.

The Board believes that effective governance practices are fundamental to the Group's ability to deliver long-term shareholder value. The Board therefore supports and is committed to the principles of corporate governance set out in the Code, which was published in July 2018 and has applied from 1 January 2019, the year under review. The Code is published by the Financial Reporting Council and can be found at www.frc.org.uk.

As a Company listed on the main market of the London Stock Exchange, Computacenter is required to review its practices against the Code's provisions and report to its shareholders on its compliance with them. The Board confirms that, with an exception noted below, the Company has complied with the Code throughout the year and anticipates remaining compliant for the 2020 reporting period.

At the AGM on 16 May 2019, Greg Lock and Regine Stachelhaus stepped down from their respective positions on the Board as Non-Executive Chairman and Independent Non-Executive Director and I assumed the Chairmanship from my position as an Independent Non-Executive Director. On the same day, immediately following the AGM, Ljiljana Mitic was appointed to the Board as an Independent Non-Executive Director. Following these changes, and for the period from 16 May 2019 to 20 August 2019, the Board was not compliant with provision 11 of the Code which requires at least half of the Board, excluding the Chairman, to be Independent Non-Executive Directors. Following the appointment of Rene Haas on 20 August 2019 as an Independent Non-Executive Director, the Board reached its full complement of Independent Non-Executive Directors and resumed compliance with provision 11 of the Code.

Board composition

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

The Board is unanimous in its view that all three of these factors will be enhanced by the appointments of Ljiljana Mitic and Rene Haas and we were very pleased to welcome them onto the Computacenter plc Board.

Ljiljana has more than 25 years of experience in the IT industry. This includes four years as Global Head of the financial services market and serving on the executive committee at Atos SE, as an Executive Vice President. This followed Atos's takeover of Siemens IT Solutions and Services GmbH, where she was Senior Vice President heading up the worldwide banking and insurance sales business. Ljiljana also worked for six years at Hewlett-Packard, where she was Sales Director for financial services in Germany. Prior to that, she spent five years at WestLB AG, a large German bank at that time. Her significant management and sales expertise within global technology enterprises, particularly in the financial services markets, will be an asset to our Board and the Company. Ljiljana's experience within our core Western European geographies, particularly France and Germany, and deep knowledge of the IT services industry, complements the skills and backgrounds of our other Board members.

Rene is a US national currently based in the UK. He leads the Intellectual Property Group of Arm Limited, the world leader in semiconductor IP and a provider of IoT device and data management platforms. In his global role as a Group President of Arm, he spends considerable time in the major technology centres across Europe, the US and Asia. Rene is an Arm Executive Committee Member and reports directly to the Chief Executive Officer. Rene is a global business leader, with more than 30 years of executive and general management, marketing and sales experience, ranging from Fortune 1000 technology companies with revenues up to \$4 billion to well-funded, high-profile technology start-ups. Prior to his current role, Rene was, amongst other appointments, Chief Commercial Officer and Executive Vice President Sales and Marketing at Arm. He also spent seven years as Vice President and General Manager Computing Products at NVIDIA Corporation. His

significant management and sales expertise within large enterprises, particularly those at the leading edge of technological development, will be an asset to our Board and the Company. Rene's global experience with a US focus complements the skills and backgrounds of our other Board members.

In accordance with the Company's procedure for new Directors, both Ljiljana and Rene undertook a full induction which was tailored to their knowledge and experience. This included meetings with the Chairmen of the Board and its Committees, the Group Chief Executive Officer (CEO) and Group Finance Director (FD). Given their intended appointments to the Remuneration and Audit Committees, both were provided with a detailed briefing on executive remuneration from the Group's Chief People Officer and presentations from a number of the Group's Financial Senior Management team. Ljiljana and Rene are also members of the Nomination Committee.

Biographies of each of the Directors are set out on pages 72 to 73.

Strategy

The Board is collectively responsible for leading the Group and promoting its success, within a framework of appropriate controls, which enable risk to be assessed and effectively managed. It is also responsible for implementing the business model set out on pages 12 to 13, for ensuring that the Group has the right strategy to drive stakeholder value, and for providing appropriate support and challenge to the Group Executive senior management team. The Board dedicates a day-long session each year to receiving strategy-related presentations from senior Management and discussing and shaping the Group's strategic direction with Management. In addition to regular discussions on the development of the Group's strategy, the Board receives an in-depth topical presentation from Management on a specific strategic initiative at every Board meeting.

Board effectiveness

An external evaluation of the Board and its Committees took place during the year. Further details of the process and the findings can be found on pages 76 to 77. After carefully considering its findings, I am satisfied that the Board continues to function effectively and that its current constitution and range of skills are appropriate for protecting the long-term interests of the Group and the Company's stakeholders.

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

In accordance with the 2018 Code, all of the Directors will stand for election or re-election at the 2020 AGM.

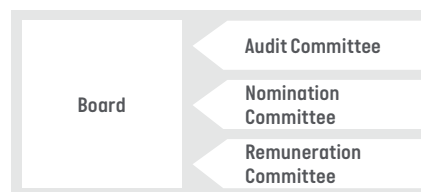
Succession planning

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

Governance framework

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

Board Committees



Board visits

To help develop and update the Directors' knowledge of the Group's operations, the Board regularly visits our offices overseas. During the year, the Board held a meeting at the Group's office in Kerpen, Germany, where it received presentations from the German Managing Director and senior members of his team. This focused on talent identification and succession planning for key personnel, data residency challenges following Brexit and the shortage of skilled employees in the German marketplace.

Diversity

The Board recognises the benefits that diverse skills, experience and points of view can bring to an organisation, and how it may assist the Board's decision making and effectiveness. Whilst the Board monitors the possibility of legislation in this area, appointments to the Board will continue to be primarily based on merit. As at 31 December 2019, the Board had two female Non-Executive Directors, Ros Rivaz and Ljiljana Mitic, representing 22.2 per cent of the total Board membership. This is in line with the representation as at 31 December 2018.

Shareholder engagement

The Board remains committed to communicating with our shareholders and, where appropriate, submitting its views for consultation and feedback. Further detail regarding engagement with our shareholders can be found on page 109.

Peter Ryan

Non-Executive Chairman

11 March 2020

BOARD OF DIRECTORS

The recent appointments complement the skills and background of our other Board members.

Peter Ryan
Non-Executive Chairman



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

Committee membership: A, N, R
Board member attendance: 9/9*

Peter [1961] has, since 1980, had a successful international career in technology encompassing all dimensions of the industry including software, services, systems integration, outsourcing and infrastructure. Over the last 10 years, Peter has held roles such as Chief Sales Officer with Hewlett Packard Enterprise, Chief Client Officer at Logica plc and Executive Vice President, Global Sales and Services with Sun Microsystems Inc. After starting his career at the Home Office, Peter undertook various senior management roles with Aspect Development Inc, Parametric Technology Ltd, IBM (UK) Ltd and ICL plc.



Mike Norris
Chief Executive Officer

Board member attendance: 9/9

Mike [1961] graduated with a degree in Computer Science and Mathematics from East Anglia University in 1983. He joined Computacenter in 1984 as a salesman in the City office. Following appointments in senior roles, he became Chief Executive in December 1994, with responsibility for all day-to-day activities and reporting channels across Computacenter. Mike also led the Company through flotation on the London Stock Exchange in 1998. Mike was awarded an honorary Doctorate of Science from the University of Hertfordshire in 2010.



Philip Hulme
Founder Non-Executive Director

Board member attendance: 7/9

Philip [1948] founded Computacenter with Peter Ogden in 1981 and worked for the Company on a full-time basis until stepping down as Executive Chairman in 2001. He was previously a Vice President and Director of the Boston Consulting Group.



Tony Conophy
Group Finance Director

Board member attendance: 9/9

Tony [1958] 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.



Peter Ogden
Founder Non-Executive Director

Board member attendance: 7/9

Peter [1947] founded Computacenter with Philip Hulme in 1981 and was Chairman of the Company until 1998, when he became a Non-Executive Director. Prior to founding Computacenter, he was a Managing Director of Morgan Stanley & Co.



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

Committee membership: A, N, R
Board member attendance: 9/9

Minnow [1954] was a Non-Executive Director and Chairman of the Audit Committee of Superdry plc from 2012 to 2019. He was a Director and Chaired the Audit Committee of Tui Travel plc from 2011 to 2014 and was a member of the Supervisory Board of Tui AG from December 2014 to February 2016. Minnow spent 35 years with Deloitte where he became a Partner in 1985. Minnow's audit client portfolio included companies within the same sector, and with similar business models, as Computacenter. He is a Chartered Accountant and was a member of the Auditing Practices Board for six years.



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

Committee membership: A, N, R
Board member attendance: 9/9

Ros [1955] is a Non-Executive Director of ConvaTec Group plc, where she is Chair of the Remuneration Committee and a member of the Audit & Risk and Nomination Committees, and the MOD Defence Equipment and Support Board, where she is a member of the Remuneration and Nomination Committees. She was a Non-Executive Director of RPC Group plc, CEVA Logistics AG and Deputy Chair of the Council of the University of Southampton for 10 years. Ros was previously Chief Operating Officer for Smith & Nephew plc and held senior management positions in global companies including Exxon, Diageo, ICI and Tate & Lyle Group.



Dr. Ljiljana Mitic
Independent Non-Executive Director

Committee membership: A, N, R
Board member attendance: 6/6**

Ljiljana [1969] has more than 25 years' experience in the IT industry. She was Global Head of financial services and a member of the executive committee at Atos SE, following its takeover of Siemens IT Solutions and Services GmbH, where she headed the worldwide banking and insurance sales business. Ljiljana has also held senior roles at Hewlett-Packard and WestLB AG. Since 2016, she has focused on technology start-ups as a Senior Partner of Impact51 AG. Ljiljana is a Non-Executive Director of Grenke AG, a global financing partner for small and medium-sized companies.



Rene Haas
Independent Non-Executive Director

Committee membership: A, N, R
Board member attendance: 3/3***

Rene [1962] is a US national currently based in the UK. He has over 30 years' experience in executive and general management, marketing and sales. He is currently a Group President of Arm Limited, the world leader in semiconductor IP and provider of IoT device and data management platforms. Rene leads Arm's Intellectual Property Group and is an Executive Committee Member. Prior to his current role, Rene was, amongst other appointments, Chief Commercial Officer and Executive Vice President Sales and Marketing at Arm and spent seven years as Vice President and General Manager Computing Products at NVIDIA Corporation.

Retirement

Greg Lock and Regine Stachelhaus retired from the Board on 16 May 2019 and attended all the Board meetings scheduled during the time until their retirement.

* Peter Ryan was appointed to the position of Chairman of the Company on 16 May 2019.
** Ljiljana Mitic was appointed to the position of Non-Executive Director of the Company with effect from 16 May 2019.
*** Rene Haas was appointed to the position of Non-Executive Director of the Company with effect from 20 August 2019.

Committee membership key

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

CORPORATE GOVERNANCE REPORT

LEADERSHIP

The role of the Board

The Board is responsible for the Group's management and performance, and for providing effective leadership to it. There is a schedule of Matters Reserved for the Board, which includes considering and approving, amongst other things, acquisitions, major capital expenditure, Group strategy and budgets, the Group's Consolidated Financial Statements and its dividend policy. This schedule is reviewed annually as a standing Board agenda item and it was updated during 2019. It can be found on our website at investors.computacenter.com.

Day-to-day management and operational activities are delegated to the Group Executive Committee including, amongst others, the Executive Directors. Other Board-level matters are delegated to the Nomination, Audit and Remuneration Committees, details of which can be found on pages 76, 82 and 88 respectively. The Terms of Reference for each Committee can be obtained from our website, investors.computacenter.com, or from the Company Secretary, upon request. The composition of each Committee as at 31 December 2019 appears on pages 78, 82 and 99, as do reports from the Chairman of each Committee setting out the primary responsibilities of their respective Committee and its main activities during the year.

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

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

The Board, through the Audit Committee, receives regular reports on any whistleblowing events that would indicate a breach of the Company's culture, and monitors the resolution of identified issues. The Board also received a presentation on the results of the Company's employee engagement survey, which highlighted aspects of the Company's culture. The CEO monitors the implementation of various sales force pay plan initiatives, to ensure that they enhance the behaviours demonstrated by this key community and that these behaviours remain aligned with the Company's culture and strategy. Over half of the Board attended the 2020 Group Kick-Off event for our sales force and Technology Providers and observed the culture of the sales force first hand. The Board approved a significant investment in a new Group-wide HR system, which allows centralised monitoring of our people's progress and development and has standardised the Company's approach to variable pay, to ensure that all employees' remuneration is directly linked to Executive remuneration and therefore the Company's strategy. During the due diligence process for the Company's acquisitions in 2018, the cultural fit of the people in the acquired entities was one of the Board's key considerations. The cultural fit was assessed as being very close and the Board will continue to monitor it, recognising it will be one of the drivers, and measures, of the acquisitions' continued success.

The Composition of the Board

The membership of the Board as at 31 December 2019 is set out on pages 72 to 73. On that date, the Board included seven Non-Executive Directors and two Executive Directors. The Directors' attendance at Board and Committee meetings is set out on pages 72, 73, 78, 82 and 99.

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

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

Appointments to, and development of, the Board

The Nomination Committee leads the process for Board appointments. Further detail on the Committee's role, membership and work during the year is set out on page 78.

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

Whilst the Company's Articles of Association require a Director to be subject to election at the first AGM following his or her appointment and thereafter every third year, the Board has decided that, in accordance with the 2018 Code, all Directors should be subject to election or re-election at the Company's next AGM on 14 May 2020. All Directors will then be subject to election or re-election at each AGM thereafter. If the shareholders do not elect or re-elect a Director, or a Director is retired from office under the Articles, the appointment terminates immediately and without compensation.

Upon joining the Board, all Directors receive a comprehensive induction programme organised by the Company Secretary, tailored to their specific background and requirements. New Directors receive an induction pack which contains information on the Group's business, its structure and operations, Board procedures, corporate governance matters and details regarding Directors' duties and responsibilities. All new Directors are introduced to the Group's Executive Management team. New Directors are also required to take advantage of opportunities to meet major shareholders.

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

Division of responsibilities

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

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

Senior Independent Director

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

The Board's key activities during the year

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

In 2019, the Board considered:

Regular items

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

Additional items

- asset reunification and share forfeiture process for untraced shareholders;
- RDC and PathWorks acquisitions;
- other acquisition and disposal opportunities;
- integration of recent acquisitions;
- IT project updates;
- corporate governance changes;
- General Data Protection Regulation;
- significant new Managed Services bids;
- significant in-life Managed Services contract reviews;
- planning for the United Kingdom exiting the European Union; and
- Non-Executive Director appointments.

Insurance and indemnities

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

EFFECTIVENESS

Time commitment

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

There has been no increase in the Chairman's significant external commitments during the year, which would affect the time he has to fulfil his role. In light of the external Board evaluation completed for 2019, the Board is satisfied that each Director is able to allocate sufficient time to the Company to discharge his or her responsibilities effectively.

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

Information and support

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

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

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

Evaluation

In accordance with the requirements of the 2018 Code, the Board carries out a review of the effectiveness of its performance and that of its Committees and Directors each year. The evaluation is facilitated externally every third year. The 2019 Board effectiveness review was facilitated by an external board evaluation specialist from Independent Audit Limited, between October and December 2019. Independent Audit Limited has no other connection with the Company.

Independent Audit Limited was appointed following an extensive tender process, which involved drawing up a list of providers and narrowing it down to five, each having extensive experience of facilitating effectiveness reviews. Each firm completed a request for proposal, after which a formal assessment process was undertaken by the Chairman and the Company Secretary, resulting in Independent Audit Limited being selected.

The aim of the review was to assess the effectiveness of the Board as a whole in order to identify and implement any actions required to become a more effective Board. The review was designed to encourage Directors to optimise their contribution to Computacenter's success and add value beyond their statutory requirements, by building on existing strengths, agreeing on the challenges ahead and preparing for the future.

The self-assessment highlighted that all Directors demonstrated commitment to their roles and the boardroom culture was deemed effective and conducive to enabling participation and challenge by Non-Executive Directors. The review identified opportunities for the Board to focus on the areas summarised below:

- continuing to discuss strategy, to refine the alignment with the organisation's purpose and to consider developments within the industry;
- reviewing the processes for assessing and managing risk, to ensure lessons are learned;
- scheduling time to further consider culture, in order to clarify the culture the Group wants to achieve and ensure the Board questions any assumptions being made;
- refining and focusing materials presented to the Board, through the continued development of senior management; and
- examining whether there are further opportunities for the Executive to increase the Board's input, to add value and challenge Management's activities.

The Board is considering all of the recommendations of the Board evaluation report.

The internal evaluation conducted in 2018 and reported on page 73 of the 2018 Annual Report and Accounts stated the need for the Board to continue to grow their understanding of the Company's business model and strategy so that they are better able to monitor and contribute to the strategic direction, and long-term thinking, of the Company. Over the year the Board has devoted a session at each Board meeting to a strategic topic which has assisted in increasing this understanding.

External evaluation process

Conducted tender process, resulting in Independent Audit Limited being appointed to facilitate the evaluation.

Independent Audit Limited was briefed by the Chairman and the Company Secretary.

The Board completed a series of tailored online questionnaires. Independent Audit Limited attended the Board and Committee meetings held in November and December, to observe Directors and the dynamics of the meetings.

Independent Audit Limited prepared a report setting out their findings and recommendations on further performance improvements, which were discussed with the Chairman, prior to presenting to the Board in February.

NOMINATION COMMITTEE REPORT



We will continue to ensure that diversity and inclusion remain a key input to our succession planning.

Peter Ryan
Chairman of the Nomination Committee

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

1. Peter Ryan was appointed to the position of Chairman of the Company on 16 May 2019 and became Chairman of the Nomination Committee at that time.
2. Rene Haas was appointed to the position of Non-Executive Director of the Company with effect from 20 August 2019 and became a Member of the Nomination Committee at that time.
3. Ljiljana Mitic was appointed to the position of Non-Executive Director of the Company with effect from 16 May 2019 and became a Member of the Nomination Committee at that time.
4. Greg Lock retired from his position of Chairman of the Company and Chairman of the Nomination Committee on 16 May 2019.
5. Regine Stachelhaus retired from her position as a Non-Executive Director on 16 May 2019.

Membership and attendance

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

The Company Secretary is the secretary to the Committee.

Responsibilities of the Nomination Committee

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

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

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

Main activities of the Committee in 2019

The Nomination Committee met on five occasions during 2019 and its work included the following:

Board appointment

Prior to the retirements of Greg Lock and Regine Stachelhaus at the 2019 AGM, the Nomination Committee appointed Russell Reynolds Associates ('Russell Reynolds') to search for two Independent Non-Executive Directors to fill the upcoming vacancies. Russell Reynolds is a global leader in assessment, recruitment and succession planning for boards of directors. It has no connection to the Company other than to provide this service and was appointed as it had led the Chairmanship succession review.

In conjunction with the Nomination Committee, Russell Reynolds developed a candidate specification that highlighted the necessary areas of competence to join the Board. The most important of these included a strong commercial track record within our sector including international experience, preferably within either our core continental European markets or our American market. Candidates were also required to demonstrate the communication skills and personal characteristics to ensure a cultural fit for our Company.

Having identified individuals suitable for appointment as Independent Non-Executive Directors from a shortlist of candidates, the Board confirmed the appointment of Ljiljana Mitic to the Board shortly following the 2019 AGM. The appointment of Rene Haas was confirmed at a Board meeting held on 20 August 2019. The Chairman noted that Ljiljana's experience in the Company's core Western European geographies, particularly France and Germany, and Rene's global experience with a US focus complemented the skills and background of the other Board members.

Prior to formally recommending their appointments to the Board, the Committee considered and agreed that both Ljiljana and Rene would be independent in character and judgement, as defined under provision 10 of the 2018 UK Corporate Governance Code. Ljiljana and Rene were also appointed as members of the Company's Remuneration, Nomination and Audit Committees.

Succession planning

Developing future leaders and successor candidates is central to our strategy of creating and maintaining a culture that builds customer relationships. Succession is also one of the Company's principal risks, as disclosed on pages 63 to 68 of this Annual Report and Accounts. The Committee therefore focuses on effective succession planning, to ensure Computacenter's future prosperity. Whilst recognising that internal talent development is primarily Management's responsibility, the Committee has reviewed Management's pipeline of executive talent, both for emergency use and its long-term potential. In response to the evaluation of the Committee during the year (see below), the Committee will also look to extend its oversight of succession planning beneath the Executive level.

Performance of the Committee

During the year, a review of the Committee was independently facilitated by International Audit Limited. The results of this evaluation have been analysed and, in response to some of the observations made, we will look to enhance our understanding of succession planning through the wider management structure beneath the Group Executive Management team. This will include ensuring that appropriate steps are taken to develop internal candidates for CEO and FD succession. We will continue to ensure that diversity and inclusion remain a key input when considering these plans. Further detail on how the Committee evaluation was conducted is disclosed on pages 76 to 77.

Election and re-election of Directors

The Committee reviewed in detail the performance of the Directors who are standing for election or re-election at the Company's 2020 AGM. The results of the Company's most recent Board evaluation process were considered, alongside each individual's contribution.

Following this review, the Committee proposed to put forward Ljiljana Mitic and Rene Haas for election by the Company's shareholders at the 2020 AGM and recommended that each of the other Directors on the Board as at 31 December 2019 be put forward for re-election at the 2020 AGM.

Diversity

The Committee, and the Board as a whole, continue to recognise the benefits that diverse skills, experience and points of view can bring to an organisation, and how diversity may assist the Board's decision-making, thereby increasing its effectiveness. Appointments to the Board have been made primarily based on merit, and the Committee has not therefore previously set any measurable targets in this area. The Committee has assessed this approach during the year and reviewed the composition of the Board and the tenure of its Members, against the background of recent developments including the Sir John Parker review on ethnic diversity and the Hampton-Alexander review on gender diversity. The Committee recognises that improving the diversity of both the Board and senior Management will further align both bodies with the wider representation seen within the Company's workforce.

As at 31 December 2019, the Computacenter Board had two female Non-Executive Directors, Ros Rivaz and Ljiljana Mitic, representing 22.2 per cent of the total Board membership, and no Directors that identified as being from an ethnic minority background. Female representation on the first layer of management below Board level, including the Company Secretary, has risen from none out of 12 at 31 December 2018 to two out of 13 as at 31 December 2019 (15.4 per cent). The number of women directly reporting to the first layer of management below Board level, including the Company Secretary, has risen from 23/88 (26.1 per cent) in 2018 to 24/91 (26.3 per cent) in 2019.

Peter Ryan

Chairman of the Nomination Committee

11 March 2020

ACCOUNTABILITY

Financial and business reporting

The Directors are required to include the following in this report, under the Code.

Please see:

- page 62 for the Board's statement on the Annual Report and Accounts being fair, balanced and understandable and providing the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- page 61 for the statement on the status of the Company and the Group as a Going Concern;
- the Strategic Report from the inside front cover to page 68 for an explanation of the Group's business model and the strategy for delivering the Group's objectives; and
- the risk management section below for confirmation that the Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Risk management

The Board has carried out a robust assessment of the principal risks facing the Group, including those that threaten its business model, future performance, solvency or liquidity. Please refer to pages 63 to 68 for further information on the Group's principal risks and uncertainties, including how they are being managed and mitigated.

Executive and senior Management have primary responsibility for identifying and managing the risks the Group faces. A comprehensive risk management programme has been developed and is monitored by the Group Risk Committee, whose members include senior operational managers from across the Group, the Group Finance Director and the Group Head of Internal Audit and Risk. The Group Finance Director chairs the Committee.

The Board sets the Group's risk appetite and, through the Audit Committee, reviews the operation and effectiveness of the Group's risk management activities. The Board periodically reviews the Group's strategic risks and its key mitigation plans and, through the Audit Committee, receives regular reports from the Group Risk Committee. The Board, through the Group Risk Committee, receives updates from the Group Planning for the United Kingdom Exiting the European Union Committee, on the Company's response to the risk of the

United Kingdom failing to agree a trade deal with the European Union in time for when the transition period ends on 31 December 2019, leaving UK to trade with the EU on a 'no-deal' basis from that date.

Through an assessment programme, appropriate measures and systems of control are maintained and, where necessary, developed and implemented. Detailed business interruption contingency plans are in place for all key sites and these are regularly tested, in accordance with an agreed schedule.

As a sales-led and customer-focused organisation, effective risk management processes are vital to the Group's continued success. Therefore, the Board continues to apply a robust risk management and governance model to provide assurance over the principal risks that might affect the achievement of the Group's Strategic Priorities. These Strategic Priorities are focused on improving the Services business and maintaining the longevity of the Group's customer relationships, which in turn rely heavily on the contribution made by the Group's customer-facing staff and those involved in innovation and design. The Group's risk management approach recognises this, ensuring that risks are identified and mitigated at the appropriate level, leaving individuals empowered to make their vital contributions.

The model and process comply fully with the UK Corporate Governance Code and the Financial Reporting Council's guidance on risk management, internal control and related financial and business reporting.

The Group's model uses the well-defined Three Lines of Defence methodology:

- The First Line of Defence consists of operational management, who own the risks and apply the internal controls necessary for managing risks day-to-day.
- The Second Line of Defence offers guidance and direction and provides oversight and challenge at the appropriate level. Internal compliance and assurance functions fall into this category.
- The Third Line of Defence, provided by Group Internal Audit, gives an independent view of the effectiveness of the risk management and internal control processes. It reports to the Audit Committee to ensure independence from Management.

The Board reviews the operational effectiveness of the risk management model by directing the reinforcement of the processes that underpin it and by making sure it is embedded across all levels of the organisation. For example:

- The Schedule of Matters Reserved for the Board ensures that the Directors properly address all significant factors affecting Group strategy, structure, financing and contracts.
- The Board and Executive Committee consider the principal risks, which are the barriers to achieving the Board's Strategic Priorities.
- The Group Risk Committee, consisting of the Executive Directors, members of the Group Executive Committee and senior managers from across the Group, challenges the effectiveness of the mitigations of the principal risks.
- The Group Risk Committee considers each principal risk in-depth at least once a year, by receiving reports from the risk owner.
- The Group Risk Committee's deliberations, along with the current status of each principal risk, are reported to the Audit Committee and the Board.
- The principal risk list is reviewed once a year and leverages a bottom-up annual operational risk review, where operational management identify their everyday risks.
- The Group Compliance Steering Committee assesses observance of laws and regulations, and reports to the Group Risk Committee.
- The bid governance process reviews bids or major changes to existing contracts, which aligns with the Group's risk appetite and risk management process.
- The Group Planning for the United Kingdom Exiting the European Union Committee assesses the latest information on the status of the UK's trade negotiations with the EU, assessing known risks from a failure to agree a deal with the EU before the end of the transition period on 31 December 2019 and identifies mitigating activities that the Group can undertake to reduce any short-term disruption to the Group's activities as a result.

There were several enhancements to the risk framework and processes over the last year, including:

- The Quality Management & Assurance function changed reporting lines from November 2018, to enhance its independence and objectivity, and formed a core part of the third line of defence from 2019 onwards.
- High-level and emerging risks continue to be standing agenda items for the Group Risk Committee. This includes cyber risk, the risk surrounding the UK's departure from the EU and compliance with the General Data Protection Regulation, which the Group recognised as a new risk in 2017.
- A new strategic risk, Increasing Globalisation of Customer Demand, was elevated to a principal risk during 2019.

Internal control

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

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

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

Responsibilities and authority structure

As discussed above, the Board has overall responsibility for making strategic decisions. There is a written schedule of Matters Reserved for the Board.

The Group Executive Committee meets formally on a quarterly basis and, more informally, on a fortnightly basis, to discuss day-to-day operational matters. With the Group Operating Model in place across all of the Group's main operating entities, ultimate authority and responsibility for operational governance sits at Group level.

The Group operates defined authorisation and approval processes throughout its operations. Access controls continue to improve, where processes have been automated to secure data. 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 linking staff incentives to customer satisfaction and profitability.

Proposals for capital expenditure are properly reviewed and authorised, based on the Group's procedures and documented authority levels. The cases for all investment projects are reviewed and approved at divisional level. Major investment projects are subject to Board approval, and Board input and approval is required for all merger and acquisition proposals.

Planning and reporting processes

Each year, senior Management prepares or updates the three-year strategic plan, which is then reviewed by the Board. The comprehensive annual budgeting process is subject to Board approval. Performance is monitored through a rigorous and detailed financial and management reporting system, through which monthly results are reviewed against budgets, agreed targets and, where appropriate, data for past periods. The results and explanations for variances are regularly reported to the Board and appropriate action is taken where variances arise.

Management and specialists within the Finance Department are responsible for ensuring that the Group maintains appropriate financial records and processes, which ensure that financial information is relevant, reliable, in accordance with applicable laws and regulations, and distributed internally and externally in a timely manner. Management reviews the Consolidated Financial Statements, to ensure that the Group's financial position and results are appropriately reflected. The Audit Committee reviews all financial information published by the Group.

Centralised treasury function

The Board has established and regularly reviews key treasury policies, which cover matters such as counterparty exposure, borrowing arrangements and foreign exchange exposure management. The Group Treasury Function manages liquidity and borrowing facilities for customer-specific requirements, ongoing capital expenditure and working capital. The Group Treasury Function reports to the Group Finance Director, with regular reporting to the Audit Committee.

The Group Treasury Committee enhances Management oversight. It is responsible for the ongoing review of treasury policy and strategy, and for recommending any policy changes for Board approval. The Committee approves, on an ad-hoc basis, any treasury activities which are not covered by existing policies or which are Matters Reserved for the Board, and also monitors hedging activities for effectiveness. The Committee is chaired by the Group Finance Director and also comprises the Group Financial Controller, the Group Head of Financial Reporting and the Group Head of Tax and Treasury.

Quality and integrity of staff

The Group's rigorous recruitment procedures ensure that new employees are of a suitable calibre. Management continuously monitors training requirements and ongoing appraisals ensure that required standards are maintained across the Group. Resource requirements are identified by managers and reviewed by senior Management.

Compliance policies

The Group has a number of compliance policies, including those relating to the General Data Protection Regulation, Business Ethics and Anti-Bribery & Corruption. Any breach of these policies by an employee is a disciplinary matter and is dealt with accordingly. The internal control regime is supported by a whistleblowing function, which is now operated by an independent third party.

The Compliance Steering Committee supervises compliance-related activities and issues across the Group and supports the Group Risk Committee in that regard.

Audit Committee and the auditor

For further information on the Company's compliance with the Code provisions relating to the Audit Committee, Group auditor and Internal Audit, please refer to the Audit Committee report on pages 82 to 87.

AUDIT COMMITTEE REPORT



The Committee, as a whole, has competence relevant to the sector in which the Company operates.

Minnow Powell
Chairman of the Audit Committee

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

1. Rene Haas was appointed to the position of Non-Executive Director of the Company with effect from 20 August 2019 and became a Member of the Audit Committee at that time.
2. Ljiljana Mitic was appointed to the position of Non-Executive Director of the Company with effect from 16 May 2019 and became a Member of the Audit Committee at that time.
3. Peter Ryan was appointed to the position of Chairman of the Company on 16 May 2019 and stood down as a member of the Audit Committee at that time.
4. Regine Stachelhaus retired from her position as a Non-Executive Director on 16 May 2019.

Composition of the Committee

As at 31 December 2019, the Audit Committee (the 'Committee') comprised the four Independent Non-Executive Directors. All members are considered to be appropriately qualified and experienced to fulfil their role and allow the Committee to perform its duties effectively. For the purposes of Code provision 24, one member of the Committee, Minnow Powell, is considered to have recent and relevant financial experience. The Committee notes the requirements of the 2018 Code and confirms that, having considered the requirements against feedback provided through the Board and Committee effectiveness review, the Committee, as a whole, has competence relevant to the sector in which the Company operates. Further details of specific relevant experience can be found in the Directors' biographies on pages 72 to 73.

Meetings of the Committee

The Committee met four times during 2019. Meetings are attended routinely by the Chairman of the Board, Group Finance Director, Group Head of Financial Reporting, Group Head of Internal Audit & Risk Management and the external auditor. Meetings are also attended by the Company Secretary, who acts as Secretary to the Committee. The meetings cover a standing list of agenda items, which is based on the Committee's Terms of Reference, and consider additional matters when the Committee deems it necessary.

In addition to the Committee meetings, I also met privately on occasion with individual members of Management during the year, to discuss the risks and challenges faced by the business as well as accounting and reporting matters and, importantly, how these are being addressed. On two occasions during the year, the Committee met separately with the external auditor and the Group Head of Internal Audit & Risk Management, without Management present. From time to time,

I also attend meetings of the Group Risk Committee.

Prior to each meeting of the Committee, I meet separately with those responsible for presenting papers to the Committee to ensure that they are of sufficient quality and rigour. I am satisfied that the flow of supporting information to the Committee is appropriate and provided in good time, to allow members enough opportunity to review matters due for consideration at each Committee meeting. I am also satisfied that meetings were scheduled to allow adequate time to enable full and informed debate.

Principal responsibilities of the Committee

The Committee's main responsibilities during the year, as set out in the Code, were to:

- monitor the integrity of the Company's financial statements and any formal announcements relating to the Company's financial performance, and to review significant financial reporting judgements contained in them;
- provide advice (where requested by the Board) on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- review the Company's internal financial controls and internal control and risk management systems;
- monitor and review the effectiveness of the Company's Internal Audit function;
- conduct the tender process and make recommendations to the Board about the appointment, reappointment and removal of the external auditor, and approve the external auditor's remuneration and terms of engagement;
- review and monitor the external auditor's independence and objectivity;

- review the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- develop and implement policy on engaging the external auditor to supply non-audit services, ensure there is prior approval of non-audit services, consider the impact this may have on independence, take into account the relevant regulations and ethical guidance in this regard, and report to the Board on any improvement or action required; and
- report to the Board on how it has discharged its responsibilities.

Immediately following each Committee meeting, I report to the Board on the Committee's activities and how it is discharging its responsibilities as set out in its Terms of Reference, which can be found on the Company's website at investors.computacenter.com.

Activities of the Committee

The Committee's activities during the year, which are based on its Terms of Reference, are set out below:

Key judgements and current financial reporting standards

The Committee reviewed the integrity of the Group's Consolidated Financial Statements and, in doing so, considered the following key judgements. In reviewing these matters, the Committee also took account of the views of the external auditor, KPMG LLP.

New lease accounting standard (IFRS 16) effective 1 January 2019

During the year, the Committee reviewed the disclosures for IFRS 16 within the Interim Report and Annual Report and Accounts. The Company has elected to implement the standard using the modified retrospective approach to adoption and has not restated its comparatives for the 2018 reporting period. The Company has taken care to highlight the disclosure throughout the Annual Report and Accounts, to indicate that the comparative results have not been restated and are prepared under a different GAAP.

Professional Services and Managed Services contract accounting

The Committee continued to focus on Services contract accounting during the year. It received an update at each meeting from Management on a number of material contracts across the Group's major geographies. These contracts were selected due to performance being lower than anticipated at the bid stage of the contract or because there were complex revenue recognition elements to the contract.

As judgements were adjusted throughout the year, the Committee, in addition to reviewing the assumptions at a point in time, reviewed when information underpinning the judgements changed and the reasons for the change.

The Committee remains satisfied with the revenue recognition accounting judgements but will continue to monitor the performance of several difficult contracts, in part, to ensure that appropriate responses continue to be formulated to address material lessons learnt from the execution of these contracts.

Technology Sourcing revenue recognition and 'bill and hold' cut-off procedures

Given the level of sales around year end, the Audit Committee supported the auditor's approach to increasing its testing of Technology Sourcing revenue cut-off, particularly in regard to 'bill and hold' arrangements where customers purchase inventory that remains in our Integration Centers following revenue recognition. We encouraged Management to continue to review and improve 'bill and hold' procedures, particularly in recently acquired entities where such procedures initially diverged from Group policies.

The Committee was pleased to note that no significant errors were found as a result of the auditor's work in this area at year end.

Acquisition accounting

During 2019, the Group acquired PathWorks GmbH ('PathWorks'), a small Technology Sourcing reseller in Switzerland, and reacquired R.D. Trading Limited ('RDC') in the UK, a former subsidiary of the Group which was sold in February 2015. The Committee reviewed the acquisition accounting judgements and the differences between the provisional fair values and the book values at acquisition.

For RDC, the Committee reviewed the structure of the transaction, noting the receipt of £8.1 million which reflected onerous property costs within the business. The Committee noted Management's fair value provisions, including the above-market rental on a property lease where there was significant under-occupation, and considered these appropriate.

The initial accounting for RDC has only been provisionally determined at the end of the reporting period and the Committee will review the position close to the anniversary of the acquisition.

During 2018, the Group acquired FusionStorm in the USA and Misco Solutions B.V. ('Misco') in the Netherlands. The initial accounting for the acquisitions was only provisionally determined at the end of the 2018 reporting period and the Committee reviewed the final position close to the anniversary of the acquisition. The accounting for the acquisitions is now complete. There were no material changes to the fair values or the book values at acquisition for Misco. The Committee noted a change made to the initial accounting for the acquisition of FusionStorm resulting in an increase of the recognised amounts of net assets acquired of £4.1 million and a corresponding decrease in the goodwill arising on acquisition.

Risk of impairment of FusionStorm goodwill and acquired intangible assets

The Committee considered Management's review of the value of goodwill and acquired intangibles in the FusionStorm cash-generating unit. This review assessed factors which could affect the recoverability of these assets and whether they could give rise to an impairment. Management's review noted the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of the value-in-use.

The Committee reviewed Management's assumptions. This included:

- reviewing trading forecasts and related cash flows;
- assessing the discount rates used in the FusionStorm cash flow forecasts;
- referencing the discount rates used by comparable companies;
- comparing the projected growth rates to externally derived data; and
- reviewing sensitivity analysis on the assumptions noted above.

The Committee also reviewed the adequacy of the Group's disclosures in respect of goodwill, including disclosures regarding the sensitivity of the outcome of the impairment assessment to changes in key assumptions, and the disclosure of key estimates and judgements related to the carrying amount. The Committee considered that the carrying value of the goodwill and acquired intangible assets remains appropriate.

The Committee reviewed the audit plan for the acquired entities for the part-year ended 31 December 2019 with the Group's external auditor, KPMG LLP, to ensure that adequate procedures were in place to ensure audit coverage was appropriate.

Segmental information

During the first half of the year, Management reviewed the way Segmental performance is reported to the Board and the Chief Executive Officer, who is the Group's Chief Operating Decision Maker ('CODM'). This followed the acquisitions made in 2018 and in particular FusionStorm.

As a result of this analysis, the Committee endorsed a revised Segmental reporting structure, which the Board adopted. The Committee reviewed the analysis used to identify the new Segments in accordance with IFRS 8 Operating Segments and noted that the rationale appeared appropriate for:

- introducing the new USA Segment;
- adding RDC and TeamUltra to the UK Segment;
- reshaping the International Segment to include a core 'Rest of Europe' presence, with key trading operations in Belgium, the Netherlands and Switzerland (including PathWorks), along with the international Global Service Desk locations in South Africa, Spain, Hungary, Mexico, Poland, Malaysia, India and China; and
- continuing to allocate 'Central Corporate Costs' out of the UK Segment.

The Committee was satisfied that the new Segmental reporting structure was the basis on which internal reports are to be provided to the Chief Executive Officer, as the CODM, for assessing performance and determining the allocation of resources within the Group.

The Committee noted that the change in Segmental reporting has no impact on reported Group numbers and, to enable comparisons with prior period performance, it reviewed the historical Segmental information for the periods ended 30 June 2018 and 31 December 2018, which were restated in accordance with the revised Segmental reporting structure.

Exceptional and other adjusting items

The Committee considered the nature and quantum of those items disclosed as exceptional or as other adjusting items outside of adjusted¹ profit before tax in the Group's 2019 Annual Report and Accounts.

The Committee noted that an exceptional operating loss during the period of £0.1 million (2018: £5.2 million) resulted from residual costs directly relating to the acquisition of FusionStorm.

A further £0.8 million (2018: £0.4 million) relating to the unwinding of the discount on the deferred consideration for the purchase of FusionStorm has been removed from the adjusted¹ net finance expense and classified

as exceptional interest costs. Whilst this item is, individually, not material, it forms part of the collective overall cost of the acquisition and the Committee agreed that, due to the material size of the acquisition and the impact on the underlying net finance expense, this should also be treated as an exceptional item.

The Committee noted that Management continued to exclude the amortisation of acquired intangible assets, and the tax effect thereon, in calculating our adjusted¹ results and that this charge had materially increased with the acquisition of FusionStorm. The Committee agreed with Management's view that amortisation of intangible assets is non-cash, and is significantly affected by the timing and size of our acquisitions, which affects the understanding of our Group and Segmental operating results.

A tax credit of £0.8 million (2018: £3.1 million) was recorded which related to the acquisition. As this credit was not operational activity within FusionStorm, is of a one-off nature and material to the overall tax result, the Committee has agreed with Management's classification of this as an exceptional tax item, consistent with the treatment of the item for the year ended 31 December 2018.

The Committee was satisfied that the costs associated with the acquisition of FusionStorm, the interest from unwinding of the discount on the deferred consideration, the tax effect of both items and the exceptional tax credit taken should be classified as exceptional, due to the collective materiality of the initial acquisition recognition, ongoing consistency with that recognition and the nature of the items.

The Committee also considered the presentation of adjusted¹ profit in the first half of the Annual Report and Accounts, after taking account of the European Securities and Markets Authority Guidelines on Alternative Performance Measures, which promote the usefulness and transparency of such measures. The Committee remains satisfied with the reconciliation between statutory and adjusted¹ measures that the Group has presented since the 2015 Interim Report, and the level of disclosure which explains both the differences between these measures and the reasons thereon. The Committee concluded that the presentation of adjusted¹ profit provided clarity on performance and had sufficient equal prominence with statutory profit.

Parent Company investment in subsidiaries carrying value

Investments in subsidiaries are the primary asset on the Parent Company Balance Sheet. The Committee considers the carrying value of these investments annually or when an indicator of impairment is identified, as any impairment of these investments would reduce the Company's distributable reserves.

Management presented analysis to the Committee to support the carrying value of the investments in subsidiaries held by the Parent Company, including assessing the cash flow forecasts and future trading assumptions of each subsidiary. No impairment of carrying value in the investment in subsidiaries was identified during the year and the Committee remains satisfied that the carrying value of each subsidiary remains appropriate.

Going concern basis for the Consolidated Financial Statements

The Committee provides input to the Board's assessment of whether it is appropriate for the Group to adopt the going concern basis in preparing Consolidated Financial Statements, at both the half year and full year. In order to do so, the Committee considered the Group's financial plans and its liquidity, including its cash position and committed bank facilities. It considered the Group's financing requirements in the context of available committed facilities, including one of £60 million that expires in May 2021 and was not drawn down during the year, and challenged Management's forecasts concerning trading performance. The Committee also noted the Code requirement for the Directors to state whether they consider it appropriate to adopt the going concern basis of accounting for a period of at least 12 months from the date of approval of the Group's 2019 Consolidated Financial Statements. Following its considerations, the Committee was satisfied that the going concern basis of preparation continues to be appropriate and recommended its adoption to the Board. The statement and explanation from the Directors can be found within the Strategic Report on page 61.

Viability Statement

The Code requires the Directors to explain in the Annual Report and Accounts how they have assessed the prospects of the Group, taking into account the Group's current position and principal risks, over what period they have done so and why they consider that period to be appropriate. The Directors are further required to state whether they have a reasonable expectation that the Group will be able to continue in operation

and meet its liabilities as they fall due over the assessment period they have chosen, drawing attention to any qualifications or assumptions as necessary. This requirement is known as a Viability Statement.

Following its review of Management's proposals, the Committee continues to recommend to the Board that it sets the period of assessment for the Viability Statement at three years, given the nature of the Group's business model and its strategic time horizon. The Committee and Board also reviewed Management's financial forecasts for the three-year period, and challenged the process undertaken and assumptions made by the Group's Risk Committee, in assessing how those forecasts would be affected by a realistic concurrence of the Group's principal risks. The Committee also considered additional contingencies made within the forecast due to the risk of the UK exiting the European Union without a Withdrawal Agreement by the Brexit deadline date or failing to agree a comprehensive trade agreement by the end of the transition period at the end of 2020. As a result, the Committee recommended to the Board that it could make the statement required for the assessment period without qualification. The statement and explanation from the Board can be found within the Strategic Report on pages 61 to 62.

Other significant activity

During the year, the Committee reviewed:

- its Terms of Reference against the Code and the Guidance for Audit Committees, following which the Terms of Reference were amended and subsequently approved by the Board;
- the Company's distributable reserves prior to the declaration of both the interim and final dividends in respect of the reporting period;
- reports on the capability of the finance team, including the Finance Shared Service Center in Hungary;
- policies, processes and controls relating to the Group's tax and treasury functions and the Company's public Tax Strategy;
- controls around purchase to pay and order to cash;
- ongoing integration plans for the recent acquisitions, including the provision of the Group's Enterprise Resource Planning systems and the wider internal control, risk management and compliance frameworks;
- reports from the Group Information Assurance ('GIA') function on its role and how it fits into the overall control structures of the Company, as a key part of the 'second line of defence' within the risk management framework. GIA also

reported on the programme of enhancements for the Cyber Defence Center and cyber security;

- reports on improvements to the General IT Control Environment, including the establishment of an independent governance team to improve the monitoring of compliance with policies through regular audits, as well as the completion of the SAP access control project, which improved the segregation of duties controls within the Finance function by circa 85 per cent;
- regular updates on major Group internal governance enhancement initiatives, including the Group Opportunity and In-life Service Management programmes, which strengthen the internal controls around in-life contract performance management; and
- several presentations on lessons learned from recent difficult contracts and comparisons of these to historical loss-making contracts, with indications of how the enhanced contract governance procedures could have reduced the likelihood of contract losses had they been in place earlier.

Having been requested to do so by the Board in accordance with Code provision 27, the Committee also advised the Board on whether the Annual Report and Accounts, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee sought assurance as to the review procedures performed by Management, to support and provide assurance to the Board in making this statement. These include clear guidance issued to all contributors to ensure a consistent approach and a formal review process, to ensure that the Annual Report and Accounts are factually correct and include all relevant information. Following a review, the Committee advised the Board that appropriate procedures had been applied.

Performance of the Committee

No major matters were raised in the externally facilitated annual evaluation of the Committee's performance.

Refer to pages 76 to 77 for further details on the evaluation carried out.

The effectiveness of internal controls and of the risk management framework

On behalf of the Board, the Committee is responsible for overseeing the effectiveness of the Group's systems of internal control and the risk management framework.

The Group Risk Committee (GRC) meets on a quarterly basis to review the key risks facing the business. These are identified, and their likelihood and impact are assessed, within the Group's 'Risk Heat Map'. They are then reviewed in conjunction with accompanying risk mitigation plans. The GRC minutes, or a summary thereof, are circulated to the Committee for review, with any matters of note highlighted and explained to the Committee by the GRC Chairman. This includes an analysis of how the Group's exposure to these risks may have moved during the previous three months and how mitigations to the risks have been introduced or developed, and also provides the GRC's assessment of the effectiveness of the process.

To assist the Board, the Committee monitors the risk management processes and reports from Internal Audit. The Committee continues to monitor implementation of agreed improvements, with an emphasis on strengthening user access controls and improving the compliance and control environment within FusionStorm.

Compliance Steering Committee

The Compliance Steering Committee (CSC) reports to the GRC. It meets quarterly, two weeks before the GRC, and since 12 November 2019 has been chaired by the Group Compliance Manager, who was recruited into this role on 12 July 2019, to continue to improve its operations. The Group Head of Legal & Contracting, the Chief People Officer, the Group Data Protection Officer, the Group Head of Internal Audit & Risk Management and the Company Secretary make up the rest of the CSC.

The CSC determines which areas of law or regulation apply to the Group, assigns these to members of Management and identifies levels of compliance and associated risk, with the aim of ensuring that these are appropriate to the Group. Critical areas within the CSC's remit include anti-bribery & corruption, whistleblowing, data protection and export control.

During the year, the CSC launched a compliance framework it had developed to provide appropriate and consistent governance across a number of business-critical compliance areas. The framework utilises the lessons from the GDPR project, to enable the Group to successfully monitor or re-implement other critical compliance policies and deal more consistently with changes and additions arising from new business activities, including acquisitions. The framework also includes monitoring compliance with the Group Ethics policy.

Audit Committee Report continued

The CSC has now begun to reinvigorate the Group's anti-bribery & corruption policies and processes within the new framework and continues to monitor further critical compliance areas to be regulated within it, as well as the associated changes to its own composition, to deliver better against its Terms of Reference. The CSC has also reviewed the efficacy of our whistleblowing procedures.

The Committee reviewed the CSC's progress with bringing the recently acquired entities into the Group's compliance framework, noting further work is required in respect of the acquired operations in the USA.

The Committee noted that the Group-wide whistleblowing platform was made available to the operations in the Netherlands and the USA, in May 2019 and February 2019 respectively. Further training on the platform in the USA was carried out in November 2019 following a visit from Internal Audit.

Whistleblowing

The Committee confirms that it is satisfied that, as at the date of this report, arrangements are in place to ensure that staff are able, in confidence, to raise concerns about possible improprieties in financial and other matters, and for the proportionate and independent investigation of such concerns, including appropriate follow-up action. During the year, no incidents were reported to the Committee.

As at the date of this report, all of the Group's operating entities had access to the same whistleblowing platform.

The effectiveness of the Internal Audit function

The Group has an Internal Audit function which reports to me, as Chairman of the Committee, and also has direct access to the CEO. Its key objectives are to provide independent and objective assurance on risks and the related mitigating controls, to the Board, the Committee and senior Management, and to assist the Board in meeting its corporate governance and regulatory responsibilities. A formal audit charter, which was updated during the year, is in place to guide the function's work and procedures.

The Board, acting through the Committee, has directed the work of the Internal Audit department towards those areas of the business that are considered to be the highest risk. The Committee approves a rolling audit programme, ensuring that all significant areas of the business are independently reviewed over, approximately, a four-year period. The programme and the

audit findings are assessed continually, to ensure they take account of the latest information and, in particular, the results of the annual review of the effectiveness of internal control and any shifts in the focus areas of the various businesses.

Each year, the Committee reviews the effectiveness of the Internal Audit department and the Group's risk management programme. The formal review typically consists of an evaluation of Internal Audit activities by members of the Committee, managers across the business who have been subject to audit during the year, and a self-assessment by the Group Head of Internal Audit & Risk Management. Such an assessment normally covers areas such as departmental organisation, business understanding, skills and experience, communication and performance. During the year, the Internal Audit function, in lieu of its normal evaluation process, participated in an external effectiveness review with a peer function at a FTSE 100 company, providing and receiving feedback and best practice benchmarking on its activities. The review was encouraging and has led to several process enhancements within the function.

The Committee received an update from the Group Head of Internal Audit & Risk Management at each meeting during the year. This covered current audit activities and the results of completed audits. I met the Group Head of Internal Audit & Risk Management on a number of occasions during the year, through which I was updated on the function's activities. Following the acquisition of FusionStorm, the Committee agreed to keep Internal Audit's staffing levels under review throughout 2020.

The Committee has challenged and approved the Internal Audit plan and the mapping of that plan to the Group's principal risks and related mitigating controls, as set out on pages 63 to 68. The plan is kept under review to reflect the changing needs of the business and to ensure that new and emerging business risks are appropriately considered within it. This includes reviewing and providing assurance to the Committee regarding the effectiveness of controls over bid management and contract reporting and the control environment of material acquired entities.

The integrity of the Group's relationship with the auditor and the effectiveness of the external audit process

External audit

The Committee oversees the Group's relationship with its auditor and makes recommendations to the Board concerning the appointment, re-appointment and remuneration of the auditor.

Reappointment of the auditor

Following a review of the external auditor's effectiveness and further Committee discussions, the Committee has recommended to the Board that it propose the reappointment of KPMG LLP as the Group's auditor, for approval by the Company's shareholders at its 2020 AGM. KPMG LLP was first appointed as the Group's auditor with effect from May 2015, following a competitive tender process. The Committee will continue to review the performance of KPMG LLP, as set out below, on an annual basis.

Rotation of lead audit engagement partner

The lead audit engagement partner for the year ended 31 December 2019 is Mr Tudor Aw, who has now completed five years in this role. Towards the end of the year, the Committee reviewed the candidates recommended by KPMG LLP to succeed Mr Aw. The Committee sought the advice of Management who, along with the Chairman of the Committee, interviewed each candidate. Following this process, the Committee recommended Mr David Neale to replace Mr Aw as the lead audit engagement partner for the year commencing 1 January 2020.

During the reporting period, the Company complied with The Statutory Audit Services for Large Companies Market Investigation [Mandatory Use of Competitive Tender Processes and Committee Responsibilities] Order 2014.

Effectiveness of the external audit process

The Committee places great importance on ensuring a high-quality and effective external audit process. When conducting the annual review, the Committee considers the performance of the auditor as well as its independence, compliance with relevant statutory, regulatory and ethical standards, and objectivity.

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

- reviewing the audit plan and monitoring changes in response to new issues or changing circumstances;
- enquiring about the testing sample sizes;

	2019 £'000	2018 £'000
Auditor's remuneration:		
– Audit of the Financial Statements	60	50
– Audit of subsidiaries	829	722
Total audit fees	889	772
Audit-related assurance services	62	50
Taxation compliance services	1	9
Other assurance services	7	17
Other non-audit services	–	132
Total non-audit services	70	208
Total fees	959	980

- reviewing the audit scope with the lead audit engagement partner, to ensure adequate coverage of full-scope audit components over the Group's operations. This included KPMG LLP's external audit of FusionStorm as a full-scope component of the audit engagement for the first time, for the year ended 31 December 2019. The Committee noted that the overall Group full scope audit coverage was circa 99 per cent of Group adjusted¹ profit before tax, circa 97 per cent of Group revenue and circa 95 per cent of Group total assets;
- receiving reports on and results of the audit work performed; and
- considering the report of the FRC's Audit Quality Review Team on KPMG LLP. The Committee reviewed the report and discussed it with the lead audit engagement partner.

The Committee further reviewed the effectiveness of the external audit process by means of a questionnaire, which was completed by key stakeholders and relevant Group Management. The matters covered by the questionnaire included the KPMG LLP employees that comprise the audit team, including their understanding of the business and its audit risks, their degree of scepticism and challenge, and their competency. The results were discussed as a specific agenda item at the Committee meeting immediately following the completion of the questionnaire process, and actions requested by the Committee to enhance effectiveness were followed up and continue to be monitored as appropriate.

Auditor independence

The Committee places considerable importance on ensuring the continuing independence of the Group's auditor. This topic is reviewed at least annually with the auditor, which confirms its independence to the Committee twice a year.

Non-audit services

To help maintain the auditor's independence, the Committee has established a policy regarding the scope and extent of non-audit services provided by the Group's auditor, which is summarised on this page.

The auditor is appointed primarily to report on the annual and interim Consolidated Financial Statements. The Committee places a high priority on ensuring that the auditor's independence and objectivity is not compromised either in appearance or in fact. Equally, the Group should not be deprived of expertise where it is needed and there may be occasions where the external auditor is best placed to undertake other accounting, advisory and consultancy work, in view of its knowledge of the business, as well as confidentiality and cost considerations.

Following the changes to the FRC's Ethical Standard [ES], the Committee revised its non-audit services policy during 2016. Under this policy, the Group auditor should not be engaged to undertake work which constitutes a prohibited non-audit service as defined under provision 5.167 of the FRC's ES. Any other non-audit service (a 'Permitted Service') must, to the extent that they are not viewed as 'trivial', be approved in advance on an individual basis by the Committee.

In each case where the Group auditor is authorised to perform a Permitted Service, the Committee will properly assess threats to the auditor's independence and the proposed safeguards to be applied when such Permitted Services are carried out. It will also document what action was taken by the Group auditor, including appropriate safeguards where necessary, to ensure that its independence was not compromised as a result of performing the Permitted Service. The Committee will consider alternative suppliers and competitive tenders and then

discuss and document why it viewed the Group auditor as the most appropriate party to perform the Permitted Service.

The Committee monitors compliance with this policy by monitoring the level of non-audit work provided by the external auditor, resulting in non-audit fees being 7.9 per cent of the KPMG LLP overall audit fee during 2019 (2018: 26.9 per cent), as set out below. The Group auditor will, in no circumstances, undertake non-audit services for the Group to the extent that the total fee payable by the Group to its auditor exceeds 70 per cent of the average annual statutory fee payable by the Group over the last three consecutive years.

The Group ceased using the Group's auditor for all taxation services within the EU during 2017.

During the year, KPMG LLP provided only trivial non-audit services to the Group. Any trivial non-audit services provided were subject to KPMG LLP's review of the impact on its own independence against the Group's non-audit services policy. None of the trivial engagements constituted a prohibited non-audit service and the Committee were satisfied that the independence of KPMG LLP, as Group auditor, was not affected.

Minnow Powell
Chairman of the Audit Committee
11 March 2020

DIRECTORS' REMUNERATION REPORT



The Committee believes that the amount paid to the Executive Directors should be clearly linked to their performance and the value delivered to shareholders.

Ros Rivaz
Chair of the Remuneration Committee

ANNUAL STATEMENT FROM THE CHAIR OF THE REMUNERATION COMMITTEE

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2019.

The report is split into three sections:

- this Annual Statement;
- the revised Directors' Remuneration Policy (the 'Policy') on pages 91 to 98, which will be subject to a binding vote by shareholders at the Company's AGM to be held on 14 May 2020; and
- the Annual Report on Remuneration on pages 99 to 108, which includes information concerning the amount paid to the Executive and Non-Executive Directors in respect of 2019 and details of how the Policy will be implemented in 2020, which will be subject to an advisory vote by shareholders at the Company's 2020 AGM.

The Committee believes that the amount paid to the Executive Directors should be clearly linked to their performance and the value delivered to shareholders.

Remuneration for the Group Chief Executive Officer (CEO) and Group Finance Director (FD) is heavily weighted towards variable pay, principally based on the achievement of stretching financial targets set by the Committee. This variability of award outcomes is set out on page 107 (CEO pay history). The Committee monitors closely the link between the amount paid to the Executive Directors, their performance and the value delivered to shareholders and how this relates to the broader workforce. The Committee considers that the remuneration arrangements promote the Company's long-term success within a suitable risk framework, are suitably aligned to shareholder interests and that the actual remuneration earned by the Executive Directors continues to be a fair reflection of their individual and the Group's overall performance. The Committee is therefore comfortable that the Policy has operated as intended. The Board remains committed to retaining a remuneration framework which is simple, transparent and can be understood by all of the Group's stakeholders.

Share ownership by Executive Directors is considered to be a key principle to support shareholder alignment. The CEO and FD both have a significant interest in Computacenter shares, with holdings equivalent to approximately 37 and 92 times salary respectively, which is significantly above our

minimum shareholding policy. This ensures that there is a material alignment of interests between the Executive Directors and shareholders. As set out later on in this letter, we are also introducing a post-cessation of employment shareholding policy.

The year under review

During the reporting period, the Group has performed very well in all its core geographical markets and has seen promising recent progress from the significant acquisition in the USA made in the fourth quarter of 2018. We have again seen strong growth and improving margins in Germany, driven by the Public Sector in Technology Sourcing and a Professional Services business operating at full capacity. The continued performance in France in particular is pleasing and the French business has returned its best-ever year as part of the Group. The UK margins have improved materially, contributing to an increase in profit, albeit with flat revenue. Overall, Group adjusted¹ profit before tax increased by 23.8 per cent during 2019, our adjusted net funds³ significantly increased, and we have made additional cost savings during the year. Our shareholders have enjoyed significant returns when compared to the wider market.

During 2019, shareholders have seen a return of circa 81 per cent on the value of their investment through share price appreciation and dividends, and shareholder value has doubled over the three-year period from 2017 to 2019. Further details can be found on page 106.

The Committee has been mindful of Corporate Governance and best practice developments and, supported by external advisors, has kept these areas under review during the year. The Committee has completed its implementation of changes required by the 2018 Code into both its Terms of Reference, available at investors.computacenter.com, and the proposed Policy, as discussed further below. We were already well placed in a number of areas, for example, the Committee's remit already covered the Group Executive senior Management team and the pension rates for Executive Directors were already in line with those available to the wider workforce. During the year, the Committee reviewed information on broader workforce pay and practices, as well as the Company's gender pay gap reporting. This information provided valuable context for the Policy review. I have acted as the designated Non-Executive Workforce Engagement Director since my appointment to this role by the Board on 9 November 2017.

During the year, a review of the Committee was independently facilitated. The results of this evaluation have been analysed and, in response to some of the observations made, we will continue to discuss and review the executive remuneration strategy to ensure that it remains current over the three-year life of the Directors' Remuneration Policy and fit for purpose against an ever-evolving regulatory and competitive environment, taking into account the views of our broader stakeholders.

Remuneration outcomes

The Committee reviewed performance against the conditions set for the potential bonus opportunity in 2019. These performance conditions included profit, Services contribution growth, Group cash, cost savings and personal objectives. Financial performance is measured on a constant currency² basis. Performance against profit, Services contribution growth and cash in each case exceeded the maximum target set by the Committee, resulting in a full payout for these elements. The cost savings and personal objectives measures partially paid out.

As a result of this performance, the CEO received 92.5 per cent and the FD 92 per cent respectively of their total potential bonus for the year. Fifty per cent of the bonus will be deferred into Computacenter shares, with half of this payable after one year in 2021 and the remainder payable after two years in 2022. Of the Computacenter Performance Share Plan (PSP) awards granted in March 2017, 80.78 per cent will vest in March 2020, and will be paid out to the Executive Directors. The conditions for the vesting of these awards are calculated by reference to the growth in the Company's adjusted¹ diluted EPS and growth in Group Services revenue for the three financial years ended 31 December 2019. The payout reflects the significant value creation enjoyed by shareholders during this period and no discretion was exercised to adjust the amount.

Revisions to Remuneration Policy and shareholder engagement

Over the past few months the Committee has undertaken a comprehensive review of the Policy for our Executive Directors, taking into account the Company's strategy and values, evolving shareholder expectations and the new provisions introduced as part of the UK Corporate Governance Code.

The Committee is of the view that the current remuneration framework continues to support the Group's strategic ambitions, is aligned with shareholders' interests and promotes the attraction, motivation and retention of the Executives required to successfully drive our strategy. As a result, we are not proposing to make any changes in the overall reward opportunity or structures at this time.

We are proposing a number of minor revisions to the Policy, primarily to reflect the Code, including formalising the Committee's ability to apply discretion to the formulaic outcomes of incentive plans, the extension of the malus and clawback terms and the introduction of a post-cessation of employment shareholding policy. The Committee sought feedback from the Group's major shareholders in respect of Executive remuneration and the planned renewal of the Policy and are grateful for the feedback received.

The key strengths of the current arrangements, detailed in the proposed Policy, include:

- Simple structure – fixed pay, bonus (with deferral into shares) and performance shares (with a two-year holding period).
- Strategically aligned – our incentive arrangements are aligned to the strategy of the business and our stated priorities of long-term EPS growth, prudent cash generation and increased Services revenue.
- Performance aligned – we have a track record over a number of years of paying overall levels of remuneration that track the performance of the business, with variability of reward outcomes.
- Significant shareholdings – the CEO and FD continue to have very significant shareholdings which currently exceed 37 and 92 times salary respectively.

Therefore, the Committee recommends the proposed Policy set out on pages 91 to 98 for approval at the Group's forthcoming AGM.

The year ahead

The Committee believes that the Policy approved by shareholders continues to provide an appropriate framework by which to incentivise and reward our Executive Directors and no changes in incentive opportunity or performance measures are being considered.

The Committee has decided that the basic salary of the CEO and FD will be increased by two per cent for 2020, consistent with the average increase for the wider UK workforce.

In line with last year, any bonus paid in 2020 will have 50 per cent deferred into Computacenter shares, with half the shares payable after one year and the remaining half after two years and the PSP awards to be granted to the Executive Directors in 2020 will be subject to a two-year holding period. Further details on how our Directors' Remuneration Policy will be applied for the 2020 financial year are set out on page 108.

The Committee's role is to ensure that the remuneration paid out to Executive Directors reflects and underpins the Group's performance. I hope that, having read this report, shareholders will be satisfied that the Committee has discharged its duties appropriately and in line with your interests. The Committee and I would welcome any comments you may have on the contents of this report.

Ros Rivaz

Chair of the Remuneration Committee

11 March 2020

In approving the Policy, the Committee has considered the factors below.

UK Corporate Governance Code – Provision 40	Consideration of how this is addressed for Computacenter
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	<ul style="list-style-type: none"> Executive Director remuneration arrangements are designed to support the financial objectives and Strategic Priorities of the Company, as publicly stated and communicated to employees. The Board is committed to effective engagement with employees and has appointed a Designated Non-Executive Director to be responsible for feeding back the views of the workforce to the Board. The Committee actively engaged with shareholders as part of the development of the new Policy.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	<ul style="list-style-type: none"> The remuneration framework at Computacenter is simple and comprised of three main elements: i) fixed pay (base salary, benefits and pension); ii) annual bonus; and iii) Performance Share Plan awards. The performance measures used to determine variable pay awards are drawn from the Company's business plans. The operation including: form of awards, time horizons, and performance measures, is designed in such a way to avoid complexity and is fully disclosed in the Directors' Remuneration Report.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	<ul style="list-style-type: none"> Initial incentive awards are capped and are not considered excessive. The Committee follows a robust process when setting performance targets, taking into account a number of reference points, to ensure that targets are sufficiently stretching and balanced so as not to distort individual behaviours. In line with the Code, when determining variable pay outcomes the Committee will look at performance in the round, including from a risk perspective, to ensure that pay-outs are reflective of overall performance and the shareholder experience. Part of the annual bonus is subject to deferral, and PSP awards are subject to a holding period following vesting. All variable pay awards are subject to malus and clawback.
Predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy.	<ul style="list-style-type: none"> The range of possible values are set out in the performance scenario charts in the Remuneration Policy. Limits and ability to exercise discretion are also set out in the Policy.
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	<ul style="list-style-type: none"> A balanced scorecard of different performance measures linked to company strategy are used as part of the annual bonus and PSP, measuring performance over both the short and long term. The performance targets are considered stretching and the Committee has the flexibility to exercise discretion to avoid rewards for poor performance.
Alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	<ul style="list-style-type: none"> The variable incentive schemes, including quantum, time horizons, form of award and performance measures are all designed with the Company's purpose, values and strategy in mind. The pay arrangements for the Executive Directors are aligned with those of the broader workforce and senior team.

Computacenter's Remuneration Policy report

This section is the Group's Remuneration Policy (the 'Policy'), as reviewed and approved by the Board. As required, it complies with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

It is intended that the Policy will be put before shareholders for approval by way of a binding vote at the Company's AGM on 14 May 2020. If approved by shareholders, the Policy will have effect immediately thereafter. Prior to that date, the Company's existing Remuneration Policy will continue to apply.

Summary of decision-making process and changes to policy

The Policy has been updated to reflect the new UK Corporate Governance Code, as well as recent developments in best practice. In determining the new Remuneration Policy, the Committee followed a robust process which included discussions on the content of the Policy at four Remuneration Committee meetings. The Committee considered input from Management and our independent advisors, and sought the views of Computacenter's major shareholders. The Committee also assessed the Policy against the principles of clarity, simplicity, risk management, predictability, proportionality and alignment to culture. Further information on the Committee's decision-making process is set out in the Annual Remuneration Report. A summary of the differences between the Company's current Directors' Remuneration Policy and the proposed Policy is set out below.

- Retirement benefits – Our practice has always been that the pension benefits for Executive Directors be aligned with those of the broader workforce. In order to align the Policy with our practice, the maximum potential pension contribution in the Policy for Executive Directors will be reduced to be in line with that available to the wider workforce.
- Post-cessation of employment shareholding policy – In line with the new UK Corporate Governance Code, a post-cessation shareholding policy has been introduced for Executive Directors.
- Malus and clawback provisions – Malus and clawback provisions have been extended under both the annual bonus and the Performance Share Plan.
- Other minor changes to the Policy have been made to clarify its intentions and to align with updated investor guidance and market practice.

Policy table

Base salary	
Purpose and link to strategy	Supports the recruitment and retention of Executives of the calibre required to deliver the Group's strategy.
Operation	<p>Base salaries are paid in cash and reflect an individual's responsibilities, performance, skills and experience.</p> <p>Normally reviewed annually with any changes effective on 1 January, taking into account the level of pay settlements across Computacenter Group, the performance of the business and general market conditions. Salary levels at other organisations of a similar size, complexity and business orientation will be reviewed for guidance.</p> <p>A review may not necessarily result in an increase in base salary.</p> <p>An exceptional review may take place to reflect a change in the scale or scope of a Director's role, for example: a major acquisition.</p> <p>Salary levels for the current Executive Directors for the 2020 financial year are:</p> <p>Group Chief Executive Officer: £562,000</p> <p>Group Finance Director: £364,000</p>
Maximum opportunity	<p>There is no prescribed maximum base salary or maximum annual increase. Ordinarily any salary increase will reflect our standard approach to increases for other employees in the Group. Higher increases may be considered in certain circumstances as required, for example, to reflect:</p> <ul style="list-style-type: none"> • an increase in scope of role or responsibility; • performance in role; or • an Executive Director being moved to appropriate market positioning over time.
Performance measures	Individual and business performance are taken into consideration when deciding salary levels.

Annual bonus	
Purpose and link to strategy	To incentivise the delivery of annual, short-term, stretching financial and non-financial objectives. To align pay costs to affordability and the value delivered to shareholders.
Operation	<p>Performance measures and targets are set at the beginning of each financial year. Performance is normally assessed over one financial year.</p> <p>50 per cent will be paid in cash and 50 per cent will be deferred into Computacenter shares, with half the shares payable after one year and the remaining half after two years.</p> <p>Deferred awards will include the right to receive dividend equivalents in respect of dividends paid over the period from grant of the award to the date on which the Executive Director is first able to acquire shares pursuant to the award, calculated on such basis as the Committee determines.</p> <p>Malus and clawback provisions will apply, as set out in the notes to this table.</p> <p>The Committee has discretion to vary bonus payments downwards or upwards in appropriate circumstances, including if it considers the outcome would not be a fair and complete reflection of the performance achieved by the Group and/or the Executive Director[s]. To the extent that this discretion is exercised, this will be disclosed in the relevant Directors' Remuneration Report and may be the subject of shareholder consultation if deemed appropriate.</p>
Maximum opportunity	<p>The maximum annual bonus opportunity in respect of any financial year is 150 per cent of base salary.</p> <p>In respect of 2020, the maximum bonus opportunity will be 125 per cent of salary for the CEO, Mike Norris and 100 per cent of salary for the FD, Tony Conophy.</p> <p>Increases above the current opportunities, up to the maximum limit, may be made to take account of individual circumstances, which may include an increase in the size or scope of role or responsibility.</p>
Performance measures	<p>Financial measures will normally be used to calculate at least a majority of bonus achievement and the remainder of the annual bonus will normally be attributed to non-financial measures.</p> <p>Financial measures may include profitability, cost management, cash management and other appropriate measures.</p> <p>Non-financial targets will be stretching targets set by the Committee, linked to the delivery of our strategy and the Executive Directors' personal objectives for the year.</p> <p>Targets are reviewed and approved annually by the Committee, to ensure that they are stretching and adequately reflect the strategic aims of the Group.</p> <p>The Committee determines the threshold and target payout levels each year, taking into account the level of stretch in the targets set. The level of overall bonus award which is payable for threshold performance will not normally exceed 30 per cent of the maximum opportunity.</p>
Performance Share Plan (PSP)	
Purpose and link to strategy	To align the interests of Executive Directors and shareholders. To incentivise the achievement of longer-term profitability and returns to shareholders, and growth of earnings in a stable and sustainable manner.
Operation	<p>Awards of nil-cost options (or equivalent) which are granted on a discretionary basis and will normally vest subject to performance and continued employment at the end of a performance period of at least three years.</p> <p>PSP shares will normally be subject to a two-year holding period following vesting. The shares held during the holding period will include the right to receive dividend equivalents in respect of dividends paid over the period from the end of the performance period to the date on which the Executive Director is first able to acquire shares pursuant to the award, calculated on such basis as the Committee determines.</p> <p>The Committee reviews the performance criteria, targets and weightings prior to each grant in line with business priorities, to ensure they are challenging and fair.</p> <p>The Committee has discretion to vary the percentage of awards vesting downwards or upwards in appropriate circumstances, including if it considers that the outcome would otherwise not be a fair and complete reflection of performance over the plan cycle.</p> <p>Awards are subject to malus and clawback provisions, as set out in the notes to this table.</p>

Maximum opportunity	<p>The maximum opportunity under the plan in respect of any financial year is 200 per cent of annual base salary or 400 per cent of annual base salary in exceptional circumstances.</p> <p>The maximum face value of annual awards granted in respect of 2020 will be 200 per cent of salary for the CEO and 175 per cent of salary for the FD.</p> <p>For achievement of a threshold performance level (which is the minimum level of performance that results in any part of an award vesting), no more than 25 per cent of the award will vest.</p>
Performance measures	<p>Earnings per share is currently the primary measure for our Performance Share Plan, but the Committee may exercise its discretion to introduce additional or alternative measures which are aligned to the delivery of the business strategy.</p> <p>Details of the performance conditions applied to awards granted in the year under review and to be granted in the forthcoming year are set out in the Annual Remuneration Report for the relevant year.</p>
Retirement benefits	
Purpose and link to strategy	To provide an income for retirement.
Operation	<p>No special arrangements are made for Executive Directors, who are entitled to become members of the Group's defined contribution pension scheme, which is open to all UK employees, or the pension plan relevant to the country where they are employed if different.</p> <p>If the Executive Director so chooses, he/she may take some or all of the pension contribution as a cash alternative, which will be the same percentage of salary as the pension contribution foregone.</p>
Maximum opportunity	The maximum pension contribution or allowance for Executive Directors will be in line with that available to UK employees or to participants in the pension plan relevant to the country where they are employed, if different. For UK employees this is currently 5.0 per cent of salary.
Performance measures	N/A
Other benefits	
Purpose and link to strategy	To provide a competitive level of employment benefits.
Operation	<p>No special arrangements are generally made for Executive Directors.</p> <p>Benefits currently include:</p> <ul style="list-style-type: none"> • a car benefit appropriate for the role performed; • participation in the Company's private health and long-term sickness schemes; • life insurance and income continuance schemes; and • participation in all-employee share plans, on the same basis as other eligible employees. <p>If new benefits are introduced for a wider employee group, the Executive Directors shall be entitled to participate on the same basis as other eligible employees.</p> <p>If, in the opinion of the Committee, a Director must relocate to undertake and properly fulfil his/her executive duties, relocation benefits may be provided, which may include a cash payment to cover reasonable expenses.</p>
Maximum opportunity	<p>There is no maximum level of benefits provided to an individual Executive Director, as the cost of benefits is dependent upon costs in the relevant market. Benefits will be set at levels which are competitive, but not excessive.</p> <p>Participation by Executive Directors in any all-employee share plan operated by the Company, is limited to the maximum award levels permitted by the plan rules from time to time and, in the case of any UK tax qualifying plan, the limits prescribed by the relevant tax legislation.</p>
Performance measures	N/A

Directors' Remuneration Report
continued

Chairman and Non-Executive Director fees	
Purpose and link to strategy	To ensure that the Group is able to attract and retain experienced and skilled Non-Executive Directors.
Operation	<p>Fee levels are determined with reference to those paid by other companies of similar size and complexity and taking into account the scope of responsibilities and the amount of time that is expected to be devoted during the year. No individual is involved in the process of setting his/her own remuneration.</p> <p>Fee levels may be reviewed annually. They may also be increased on an ongoing or temporary basis, to take into account changes in the working of the Board.</p> <p>The Chairman of the Board receives a fixed fee. Other Non-Executive Directors receive a basic fee and additional fees are payable for the Chairmanship of Board Committees and for the additional responsibility of being the Senior Independent Director and may also be paid to reflect additional time commitments and responsibilities. Fees are normally paid in cash.</p> <p>Travel expenses, hotel costs and other benefits related to the performance of the role, including any tax due, are also paid where necessary.</p> <p>2020 fee levels for the incumbents are as follows: Non-Executive Chairman: £210,000 Non-Executive Director base fee: £55,000 Founder Non-Executive Director base fee: £50,000</p> <p>Supplementary fees: Senior Independent Director: £8,000 Audit Committee Chair: £18,000 Remuneration Committee Chair: £10,000</p>
Maximum opportunity	<p>Non-Executive Directors do not participate in any of the Group's incentive arrangements or share schemes and are not eligible for pension or other benefits.</p> <p>Maximum in line with the Company's Articles of Association.</p>
Performance measures	N/A
Share ownership guidelines	
Purpose and link to strategy	To strengthen alignment between Executives and shareholders.
Operation	<p>Levels are set in relation to annual base salary, and are normally required to be built over a five-year period. The Committee retains discretion to extend this period on an individual basis, if it believes that it is fair and reasonable to do so.</p> <p>Options which have vested unconditionally, but are as yet unexercised, and shares subject to deferred bonus awards and PSP awards which are in the holding period but which are no longer subject to performance conditions, will be included on a net of tax basis, for the purposes of calculating shareholdings, as will shares held by an Executive's spouse or dependents.</p> <p>Post-cessation of employment, Executive Directors are also expected to remain aligned with the interests of shareholders for an extended period after leaving the Company, other than in exceptional circumstances. Details of the application of this policy are set out in the Annual Report on Remuneration.</p> <p>The Committee will regularly review the minimum shareholding guidelines.</p>
Maximum opportunity	<p>There is no maximum, but minimum levels have been set at 200 per cent of base salary for both the current CEO and FD. Non-Executive Directors are not required to hold shares in the Company.</p> <p>Executive Directors who have not yet met their shareholding requirement will be expected to retain at least 50 per cent of any deferred bonus awards and PSP awards which vest (net of tax) until such time as this level of holding is met.</p>
Performance measures	N/A

Malus and clawback

Malus and clawback provisions apply to the annual bonus and Performance Share Plan. For awards paid or granted in respect of 2020 onwards, the provisions are set out below.

Malus and/or clawback may apply to annual bonus awards, including deferred awards for a period of two years and to Performance Share Plan awards in the period up to the fifth anniversary of grant, in the event of:

- a material misstatement of results;
- gross or serious misconduct;
- an error or misstatement which has resulted in a material overpayment to the participants;
- a significant failure of risk management within the Company or any Group Member;
- significant reputational damage to the Company or any Group Member;
- the participant leaving in circumstances which, had all the facts been known, would have resulted in the award lapsing; or
- any other circumstances that the Committee, in its discretion, considers to be similar in nature or effect to those above.

The malus and clawback provisions that apply to awards prior to the dates set out above are in line with the relevant policy in force at the time the awards were made.

Explanation of performance measures

The performance measures in respect of variable remuneration outlined within the Policy are based on a combination of financial and strategic measures, with an emphasis on the financial performance of the Group, and therefore to the value that the business delivers to its shareholders. The Company is committed to long-term earnings per share growth through increased profitability and prudent use of cash generation, with a services-led strategy. This commitment is reflected in the measures used to motivate and incentivise our management team through the annual bonus and PSP.

The Committee reviews potential performance criteria and targets for the annual bonus and PSP annually, resulting in the performance criteria structure outlined in the Policy. The measures for 2020 are outlined on page 108.

Performance conditions applying to any award may be amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy.

Remuneration arrangements across the Group

When setting Executive remuneration, consideration is given to pay policies and employment conditions of employees of the Company and elsewhere in the Group.

The remuneration of employees across the Group is based on three fundamental principles. First, that it allows the Group to retain the level of talent necessary to implement the strategy as set by the CEO and Board. Second, that levels of remuneration should be sufficient to achieve this aim, but should never be higher than is necessary to do so. Finally, with limited exceptions, the more significant the ability of an employee to influence the Company's financial results through their individual performance, the higher the proportion of their remuneration should be performance based.

The level and design of variable pay takes into account the need to avoid incentivising the Group's employees to act in a manner that is inconsistent with the Group's risk appetite, as set by the Board.

Consistent with the policy for Executive Directors, where annual bonuses are in place across the Group, they are linked to business performance with a focus on underlying Group or divisional profit and other relevant metrics.

Whilst only Executive Directors and senior executives participate in the PSP, other employees can participate in the Company's all-employee share schemes, which are designed to incentivise participants to build a shareholding in the Company, thus aligning their interests with those of the Group's shareholders. This plan is not subject to performance conditions, but requires the employee to remain employed at the end of the term of the scheme which they have joined.

In line with local country practices, all employees are encouraged to contribute appropriate savings toward their retirement. In the UK, the Company operates pension arrangements within the Occupational and Personal Pension Schemes [Automatic Enrolment] Regulations 2010.

Whilst the Company does not feel it appropriate to consult directly with employees when drawing up the Directors' Remuneration Policy, the Committee has considered any feedback received via employee engagement surveys and from the regular meetings the CEO and Chief People Officer conduct with staff representative bodies in each of our major geographies.

The Remuneration Committee Chair, Ros Rivaz, was appointed as the Designated Non-Executive Director on 9 November 2017 to facilitate engagement with the wider workforce, to assist the Board in understanding the views of Computacenter's employees. During 2019, this involved attending Works Council meetings and other employee events, and feeding back the views raised by employees to the Board. Whilst Executive pay has not been a specific topic in these discussions, these events have provided a valuable opportunity for employees to share their views freely on a range of topics and Ros welcomed questions on a broad range of topics including Executive remuneration and how the Company measures success. Further information on the role and the activities of the Designated Non-Executive Director is on page 26.

Statement of consideration of shareholders' views

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

The Group consulted with its major shareholders during the second half of 2019 on the proposed Policy and welcomed the feedback received.

Approach to recruitment remuneration

When hiring a new Executive Director or promoting to the Board from within the Group, the Committee will offer a package that is sufficient to attract, retain and motivate the right talent, whilst at all times aiming to pay no more than is necessary. Each component will be subject to the limits as specified in the Policy table above.

In determining an appropriate remuneration package, the Committee will take into consideration all relevant factors including, but not limited to, the candidate's location, skills and experience, external market influences and internal pay relativities.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at below market level, on the basis that it may progress towards the market level once expertise and performance have been proven and sustained.

In order to facilitate recruitment, the Committee may offer additional cash and/or share-based elements in respect of any incentive or deferred pay awards forfeited by an Executive Director as a result of terminating prior employment to join the Company, including utilising Listing Rule 9.4.2 if necessary. The Committee would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of form of award, time horizons, value and performance conditions. For an internal

Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. For external and internal appointments, the Committee may agree that certain incidental expenses will be met as appropriate.

Where a newly appointed Executive Director is required to relocate, the Group may pay the costs of relocation including housing, travel, taxation advice, shipping costs and education for dependents. Additionally, any Executive Director based outside of the UK will be eligible to participate in insurance and other benefits, in line with local practice.

Any awards made on recruitment will be subject to such malus and clawback provisions that the Remuneration Committee deems to be appropriate.

Service contracts

The Directors' service contracts and letters of appointment are available for inspection at our registered office during normal hours of business and will also be available at our AGM to be held on 14 May 2020. Details of the duration of the Directors' service contracts are set out on page 106.

Executive Directors

The current Executive Directors each have a service contract with the Company which provides for a notice period of up to 12 months from either party. It is intended that this policy would also apply to new appointments of Executive Directors.

With the consent of the Board, where an appointment can enhance an individual Executive Director's experience and add value to the Company, Executive Directors are able to accept non-executive appointments outside the Company. Retention of any fees received by the Executive Director is at the discretion of the Committee.

Non-Executive Directors

Non-Executive Directors are appointed pursuant to a letter of appointment for an initial period of three years, which may be subject to renewal thereafter. Appointments may be terminated by either the Company or the Non-Executive Director giving three months' notice. Save in respect of retirement by rotation, a Non-Executive Director being removed from office may receive an amount equal to the fee during any remaining notice period.

Loss of office payments

We are committed to ensuring a consistent approach, so that we do not pay more than is necessary in circumstances leading to loss of office. In the event of an early termination of a contract, the policy is to seek to minimise any liability. If an Executive Director's employment is terminated, any compensation arrangements will not normally be beyond those set out in their service contract and the rules of the relevant incentive plans.

When managing such situations, the Committee takes a range of factors into account, including contractual obligations, shareholder interests, organisational stability and the need to ensure an effective handover.

In the normal course of events, an Executive Director will work their contractual notice period and receive usual salary payments and benefits during this time. In the event of a termination where Computacenter requests that the Executive Director ceases work immediately, a payment in lieu of notice may be made that is equal to fixed pay, pension entitlements and other benefits. Payments may be made on a phased basis. Alternatively, an Executive Director may be placed on garden leave for the duration of some or all of their notice period. Where an Executive Director leaves during a financial year, an annual bonus may be payable with respect to the period of the financial year worked, although it will be pro-rated for time and normally paid at the normal payment date[s].

In the event of termination for cause (e.g. gross misconduct or negligence), neither notice nor a payment in lieu of notice would be given and the Executive Director would cease to perform services immediately.

Any share-based entitlements granted to an Executive Director under our share plans will be determined based on the relevant plan rules. The default treatment is that any unvested awards lapse on cessation of employment during the relevant performance or deferral period. However, in certain prescribed circumstances, such as ill-health, injury, disability, redundancy, retirement (for all Deferred Bonus Plan [DBP] awards and for PSP awards made prior to March 2019), sale of the employing company or business outside the Group or any other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest on their normal vesting date, and for awards made under the PSP, be subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the performance period actually served. The Committee may allow awards to vest at the time of cessation on the basis outlined above. PSP awards will typically remain subject to the holding period and will be released at the end of it, although the Committee has discretion to release the awards at the date of cessation or at some other time after cessation but before the end of the holding period.

PSP awards which are subject only to the holding period following vesting will lapse in the event of cessation of employment for cause (e.g. gross misconduct or negligence).

In the event of the death of an Executive Director, awards vest at cessation with no performance assessment. In such circumstances, unless the Committee determines otherwise, awards will be reduced pro-rata to reflect the proportion of the performance period actually served.

In the event of a takeover or winding-up of Computacenter which is not part of an internal reorganisation of the Group, awards may also vest to the extent determined by the Committee taking into account the period that has elapsed since the awards were granted, and the performance achieved against any applicable performance targets. Early vesting may also be permitted in the event of a demerger or other transaction which, in the Committee's opinion, would affect the value of awards. Share plan awards may be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

Where the Executive Director participates in one or more of the Company's all-employee share schemes, awards may vest upon termination or in the event of a takeover or other relevant event, in accordance with applicable scheme rules.

As is consistent with market practice, we may pay a contribution towards an Executive Director's legal fees for entering into a statutory agreement and may pay a contribution towards fees for outplacement services or repatriation, as part of a negotiated settlement.

There are no agreements currently in place between the Company and any of its Directors providing for additional compensation for loss of office or employment, other than as disclosed in this report.

In any event, the Committee will not sanction rewards for failure and will seek to mitigate any termination payments where possible.

Exceptions to the Policy

The Policy, as set out in this report, comprises the full suite of possible components for the remuneration of Directors at Computacenter.

Notwithstanding the restrictions laid out in the Policy, where the Company has made a commitment to a Director which:

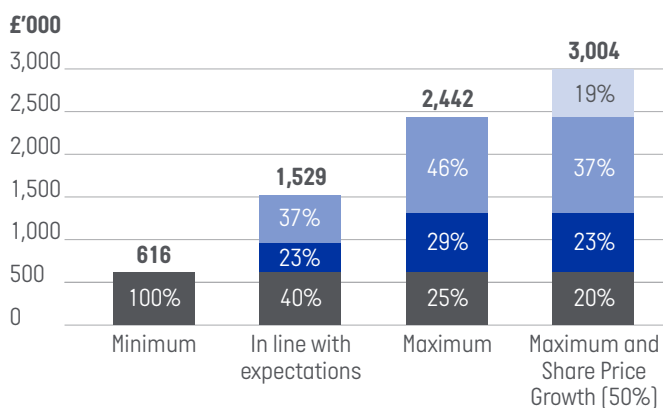
- was in accordance with the prevailing remuneration policy at the time that the commitment was made; and/or
- was made before the Director became a Director and, in the opinion of the Committee, the commitment was not in consideration for the individual becoming a Director of Computacenter; and/or
- was made before 15 May 2014 (the date on which the Company's first binding Directors' Remuneration Policy took effect), the Company will continue to give effect to it, even if it is inconsistent with the Remuneration Policy of the Company which is in effect at that time.

Earlier Remuneration Policies of the Company will continue to apply in relation to awards granted under any company PSP and options granted under the Company's all-employee Sharesave Scheme, prior to the approval of the Policy, as these may be granted under one policy and vest or be exercised under a later one. Details of these previous commitments are included within previous Computacenter Annual Reports which are available at investors.computacenter.com

The Committee may make minor amendments to the Policy set out above for regulatory, exchange control, tax, or administrative purposes, or to take account of a change in legislation without obtaining shareholder approval for such amendments.

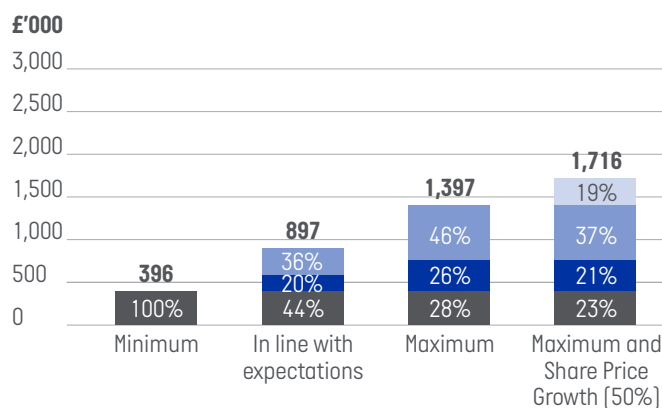
Directors' Remuneration Report
continued

CEO – Mike Norris
Total remuneration (£)



■ Total fixed ■ Annual Bonus ■ PSP ■ Share Price Growth

FD – Tony Conophy
Total remuneration (£)



■ Total fixed ■ Annual Bonus ■ PSP ■ Share Price Growth

The charts above show the level of remuneration that is projected to be received by the Directors above in accordance with the Policy in 2020. The charts above show four outcome scenarios: [a] Minimum receivable pay; [b] Remuneration for performance in line with expectations; [c] Maximum remuneration achievable; and [d] Maximum remuneration achievable with, in the case of the PSP, the additional impact of share price appreciation of 50 per cent over the three-year performance period.

In developing the scenarios, the following assumptions have been made:

Minimum pay receivable

- Only total fixed pay is received [i.e. base salary, benefits and pension], and there is no vesting of any of Computacenter's variable pay schemes;
- Salary is the salary that applies in 2020;
- Benefits are those projected to be received by the Executive Director in 2020; and
- Pension is measured by applying a cash in lieu rate against salary in 2020.

In line with expectations

This is based on what an Executive Director would receive if performance was in line with the Company's expectations, which would result in the following scenario:

- Fixed pay is received;
- Annual bonus pays out at 50 per cent of total potential bonus award for performance in line with expectations; and
- PSP award pays out at 50 per cent of maximum.

Maximum

This is based on what an Executive Director would receive assuming that the variable pay awards set out above pay out in full [i.e. a bonus of 125 per cent of base salary and a PSP award with a face value of 200 per cent of base salary for the CEO; and a bonus of 100 per cent of base salary and a PSP award with a face value of 175 per cent of base salary for the FD].

Maximum with additional share price appreciation impact

This is based on the same assumptions as the 'Maximum' scenario, with the additional impact of share price appreciation of 50 per cent over the three-year performance period applied to the PSP awards.

The impact of share price appreciation has not been taken into account in any of the other three scenarios.

ANNUAL REMUNERATION REPORT

Responsibilities of the Remuneration Committee

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

- the Company's general policy on Executive remuneration; and
- the specific remuneration packages of the Executive Directors, the Chairman of the Board and senior Executives of the Group including, but not limited to, base salary, pension, annual performance-related bonuses and PSP awards.

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

The full responsibilities of the Committee are contained within its Terms of Reference, which are available on our website at investors.computacenter.com.

Membership and attendance

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

Current members	Role	Attendance record
1. Ros Rivaz	Senior Independent Director	6/6
2. Peter Ryan	Non-Executive Chairman of the Board [from 16 May 2019]	6/6
3. Rene Haas ¹	Non-Executive Director	2/2
4. Ljiljana Mitic ²	Non-Executive Director	3/3
5. Minnow Powell	Non-Executive Director	6/6
Former members		
6. Greg Lock ³	Non-Executive Chairman of the Board [until 16 May 2019]	3/3
7. Regine Stachelhaus ⁴	Non-Executive Director [until 16 May 2019]	3/3

1. Rene Haas was appointed to the Board and the Committee on 20 August 2019.
2. Ljiljana Mitic was appointed to the Board and the Committee on 16 May 2019.
3. Greg Lock stepped down as Chairman and a Non-Executive Director of the Company on 16 May 2019.
4. Regine Stachelhaus stepped down as a Non-Executive Director of the Company on 16 May 2019.

The CEO attends meetings by invitation, as does the Chief People Officer. The Company Secretary is the secretary to the Committee.

The principal advisor to the Committee is Deloitte LLP (Deloitte), which was selected by the Committee in September 2016 by way of a tender process. Minnow Powell receives a pension from Deloitte and, as such, recused himself from all discussions relating to the appointment of Deloitte.

The total fees paid to Deloitte in relation to advice to the Committee in 2019 were £68,900 (2018: £50,900). The Committee considers the advice that it receives from Deloitte LLP to be independent. During the year, Deloitte also provided tax and share plan advice to the Company. Deloitte is a founding member of the Remuneration Consultants Group and, as such, voluntarily adheres to its Code of Conduct.

Audited information

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

Directors' Remuneration Report continued

A Single Figure of Total Remuneration

The total amount paid by the Company to each of the Directors, in respect of the financial years ended 31 December 2019 and 2018, is set out in the table below:

	Salary or fees £'000		Benefits £'000		Annual bonus £'000		PSP awards £'000		Pension £'000		Total £'000	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Executive												
Mike Norris	550.8	540.0	29.4 ¹	36.5 ¹	636.9	557.8	1,672.1 ³	923.7 ⁴	24.2	23.7	2,913.4	2,081.7
Tony Conophy	357.0	350.0	16.7 ²	16.7 ²	328.4	306.7	947.5 ³	525.3 ⁴	15.7	15.4 ⁵	1,665.3	1,214.1
Non-Executive												
Peter Ryan ⁶	150.3	44.2	–	–	–	–	–	–	–	–	150.3	44.2
Rene Haas ⁷	20.2	–	–	–	–	–	–	–	–	–	20.2	–
Philip Hulme	50.0	50.0	–	–	–	–	–	–	–	–	50.0	50.0
Greg Lock ⁸	73.5	195.0	–	–	–	–	–	–	–	–	73.5	195.0
Ljiljana Mitic ⁹	34.5	–	–	–	–	–	–	–	–	–	34.5	–
Peter Ogden	50.0	50.0	–	–	–	–	–	–	–	–	50.0	50.0
Minnow Powell	70.4	66.0	–	–	–	–	–	–	–	–	70.4	66.0
Ros Rivaz ¹⁰	70.4	61.0	–	–	–	–	–	–	–	–	70.4	61.0
Regine Stachelhaus ¹¹	18.8	50.0	–	–	–	–	–	–	–	–	18.8	50.0
Philip Yea ¹²	–	22.0	–	–	–	–	–	–	–	–	–	22.0
Total (£'000)	1,445.9	1,428.2	46.1	53.2	965.3	864.5	2,619.6	1,449.0	39.9	39.1	5,116.8	3,834.0

- The benefits figure represents the taxable benefit arising from the provision of a driver service and other travel-related benefits for Mike Norris.
- The benefits figure represents the taxable benefit arising from cash allowances paid in lieu of the provision of company car and other travel-related benefits for Tony Conophy. The benefit figure for 2018 (nil in the 2018 report) has been restated on this basis having previously been excluded. This change has also been reflected in the 2018 total figure.
- This relates to the 2017 PSP awards which will be paid out in March 2020 and had a performance period of 1 January 2017 to 31 December 2019. The relevant performance criteria were partially achieved and therefore 80.78 per cent of the award vested for each of the Executive Directors. This calculation is based upon the average value of Computacenter plc shares over the last quarter of 2019 being £14.52. The PSP value attributable to share price growth since the awards were granted is £824,000 and £467,000 for the CEO and FD respectively. The Committee did not exercise its discretion to change the value of awards vesting based on the share price appreciation or depreciation during the period.
- The value of the 2016 PSP awards have been updated to reflect the actual share price at vesting on 21 March 2019 of £11.89.
- The pension figure for Tony Conophy in the 2018 Annual Report, £41,500, included pension contributions in respect of 2017 that were paid during 2018, and has been restated to reflect the pension contributions in respect of 2018.
- Peter Ryan was appointed to the Board on 13 February 2018 and was further appointed to the role of Chairman on 16 May 2019.
- Rene Haas was appointed to the Board on 20 August 2019.
- Greg Lock stepped down from the Board on 16 May 2019.
- Ljiljana Mitic was appointed to the Board on 16 May 2019.
- Ros Rivaz was appointed to the role of Senior Independent Director and Chair of the Remuneration Committee on 24 April 2018.
- Regine Stachelhaus stepped down from the Board on 16 May 2019 and was paid in euros prior to that date.
- Philip Yea stepped down from the Board on 24 April 2018.

Remuneration paid in 2019: Executive Directors 2019 base salary

The annual salaries of the Executive Directors were increased by 2.0 per cent in 2019 to £550,800 for the CEO and £357,000 for the FD.

2019 annual bonus

The maximum bonus opportunity in 2019 was 125 per cent of base salary for the CEO and 100 per cent of base salary for the FD. Half of the bonus will be deferred into Computacenter shares, with half payable after one year and half payable after two years. Bonus payments are also subject to clawback for two years, in the event that the Group materially misstates its financial results for the reporting period or in the event of misconduct by the Executive Director.

The 2019 annual bonus opportunity was driven by the financial performance of the business and individual targets for each Director. For the year ended 31 December 2019, 80 per cent of this award was conditional on the achievement of criteria linked to the financial performance of the Group. These targets were set by the Committee with reference to the Group's strategic and financial plans, as approved by the Board of Directors. The non-financial personal objectives set for the Executive Directors were based principally on delivery against the Group's Strategic Priorities, integration of acquisitions and certain people-related objectives, including progress on diversity and inclusion.

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The table below sets out details of the annual bonus criteria which applied for the Executive Directors for 2019 and performance delivered:

Measure	As a percentage of Maximum Bonus Opportunity	Performance required				Actual % achieved		Payout £'000	
		Threshold	Target	Stretch	Maximum	CEO	FD	CEO	FD
Financial criteria									
Profit before tax (£m)		125.4	131.3	137.1	144.0	148.5¹			
Percentage payout	50%	10%	20%	35%	50%	50%		344.3	178.4
Services contribution growth (£m)		247.1	260.8	274.6	274.6	280.5			
Percentage payout	10%	5%	7.5%	10%	10%	10%		68.8	35.7
Cash balance (£m)		107.7	125.6	143.6	143.6	146.9			
Percentage payout	10%	5%	7.5%	10%	10%	10%		68.8	35.7
Costs (£m)		(324.5)	(322.0)	(319.5)	(319.5)	(324.5)			
Percentage payout	10%	5%	7.5%	10%	10%	5%		34.4	17.9
Non-financial criteria									
Personal objectives	20%	0%	7.5%	15%	20%	17.5%	17%	120.4	60.7
Total	100%	25.0%	50%	80.0%	100%	92.5%	92%	636.9	328.4

1. Profit before tax represents Group adjusted¹ profit before tax on a currency adjusted basis, excluding both the results of the entities acquired during the year and the 2019 net adjusted¹ profit before tax impact of IFRS 16, under which the targets were not formulated.

The personal objectives for the Executive Directors are subject to a profit performance underpin and are related to the following:

Objectives	Progress in the year
CEO	
Build and integrate the new Management team.	In late 2018 and early 2019 there were a number of promotions and external hires made to the Executive team. The team is now well established and working well together to resolve Company challenges and deliver on opportunities.
Increase the competitiveness of our service offerings.	Services revenues and the Contract Base grew in 2019. The percentage of work delivered by lower cost locations increased, assisting with a reduction in cost to serve. In addition, there was a promising take up of new service offering such as Windows 10 Evergreen and TechCenters during the year.
Integrate, maintain the value and develop our acquisition of FusionStorm.	The integration of FusionStorm progressed well in 2019, with key personnel retained and the brand change completed successfully. The second half of the year produced strong results after a disappointing first half. Investment in offices in New York and Boston as well as the new Integration Center in California, scheduled for Q1 2020, builds out our US footprint and capability.
Increase gender and international diversity of the senior team.	Two women were appointed to the Group Executive team in 2019, which was previously all male. In addition, our Group international diversity and gender diversity figures improved for the Executive Team's direct reports.
Continue the Board's strategy education programme.	The Board's strategy education continued apace throughout 2019 with key topics covered by the Executive team at each Board meeting to enable better insight and input to Group operations and strategy.

Directors' Remuneration Report
continued

Objectives	Progress in the year
FD	
Continue to develop the long-term plan of reducing working capital especially in the Services business by improving systems and processes as well as developing the controls for our acquired US business.	In Europe, performance is good and predictable and in the US working capital cycles and our working capital position are now well understood and better controlled. The cash position for 2019 is a good reflection of this.
Ensure the appropriate level of governance for the bid management process to control without disempowering the front end of the business.	The new comprehensive governance system implemented in 2018 to improve our bid management and sales processes has enabled us to serve our customers better. Its success is demonstrated by our 2018 difficult contracts that have substantially improved during the year and we have had no significant new difficult contracts in 2019. At the same time we have seen growth and new contracts won.
Drive SG&A efficiency.	Our focus has been to ensure that we retain more of our gross profit as operating profit. SG&A as a percentage of gross profit has reduced during 2019 [excluding acquisitions].
Integrate the newly acquired companies in the US and the Netherlands into the management reporting systems of Computacenter.	Work has been undertaken in both the USA and the Netherlands during 2019 to ensure that the Group has good reporting and operational oversight of our acquired businesses. In order to fully integrate, it is necessary to underpin this activity with deployment of our core systems. The Netherlands successfully went live with ERP in November 2019 and the US is on track to go live in Q1 2021.
Continue to expand the leasing operations across our geographies.	The team has been expanded successfully in the UK, Germany and France with a shared approach. Progress within the past 12 months has been better than expected with good business growth.

PSP
The PSP awards granted to Executive Directors with a performance period ending on 31 December 2019 paid out at 80.78 per cent, pursuant to the 2017 PSP Scheme, as the relevant performance criteria threshold was partially achieved.

Vesting of these awards to each Executive Director was dependent upon the achievement of the following performance measures over a three-year period:

The compound annual growth rate of the Group's adjusted¹ diluted earnings per share (EPS) – 70 per cent weighting	
Performance level [*]	Adjusted ¹ diluted EPS growth CAGR
Maximum (100 per cent vesting)	12.5%
In line with expectations (50 per cent vesting)	8.33%
Threshold (10 per cent vesting)	5%

* Vesting occurs on a straight-line basis in between these thresholds.

The growth in adjusted¹ diluted EPS during the period 1 January 2017 to 31 December 2019 was 19.65 per cent per annum. This resulted in 100 per cent of this element vesting. The EPS number used for the base year of this award (i.e. EPS in 2016) is consistent with the EPS number that was used to calculate the vesting of the 2014–2016 PSP.

Services revenue growth – 30 per cent weighting (measured on a constant currency² basis)	
Performance level [*]	Services revenue growth CAGR
Maximum (100 per cent vesting)	7.5%
In line with expectations (50 per cent vesting)	5.5%
Threshold (25 per cent vesting)	3.5%

* Vesting occurs on a straight-line basis in between these thresholds.

The Services revenue growth was 4.37 per cent, resulting in 35.92 per cent of this element vesting.

Remuneration awards granted in 2019: Executive Directors

A Share scheme interests awarded during the year

The table below details awards made during 2019 under the PSP scheme. The performance conditions for these awards are set out in more detail below. Any awards that vest will be subject to a two-year holding period.

	Scheme/type of award	Number of shares	Face value at time of grant	Performance conditions applied	Amount vesting related to threshold of performance		Performance period set
					Threshold performance (% of face value)	Maximum performance (% of face value)	
CEO	PSP – nil cost option	90,604	£1,080,000 ¹	Compound growth of Company EPS (70%)	10%	100%	Three financial years from 1 January 2019
				Compound growth of Services revenue (30%)	25%	100%	
FD	PSP – nil cost option	51,384	£612,497 ¹	Compound growth of Company EPS (70%)	10%	100%	Three financial years from 1 January 2019
				Compound growth of Services revenue (30%)	25%	100%	

1. This is based on the average mid-market share price of Computacenter plc on the three immediately preceding business days from grant, being £11.92.

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

The compound annual growth rate of the Group's adjusted ¹ diluted earnings per share (EPS) (70 per cent weighting)		Adjusted ¹ diluted EPS growth CAGR
Performance level*		
Maximum		12.5%
In-line with expectations		8.33%
Threshold		5.0%

* Vesting occurs on a straight-line basis in between these thresholds.

The compound annual growth rate of the Group's Services Revenue (GSR) (30 per cent weighting) measured on a constant currency ² basis		Services revenue growth CAGR
Performance level*		
Maximum		7.5%
In-line with expectations		5.5%
Threshold		3.5%

* Vesting occurs on a straight-line basis in between these thresholds.

The table below details awards made during 2019 under the Deferred Bonus Plan (DBP) scheme.

	Scheme/type of award	Number of shares	Face value	Vesting date
CEO	DBP ² – Conditional Share	23,396	£278,880 ¹	50% – 21 March 2020 50% – 21 March 2021
FD	DBP ² – Conditional Share	12,865	£153,351 ¹	50% – 21 March 2020 50% – 21 March 2021

1. This is based on the average mid-market share price of Computacenter plc on the three immediately preceding business days from grant, being £11.92.

2. These are not subject to any other performance conditions.

Directors' Remuneration Report continued

A Executive Director outstanding Share Awards as at 31 December 2019 Directors' interests in Share Schemes (audited)

	Schemes	Note	Exercise/ share price	Exercise period	At 1 January 2019	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2019
Mike Norris	Sharesave*	1	524.0p	01/12/19 – 31/05/20	5,782	–	–	–	5,782
	Sharesave*	1	1011.0p	01/12/24 – 31/05/25	–	2,967	–	–	2,967
	PSP	2	Nil	22/03/19 – 21/03/26	118,305	–	77,703	40,602	–
	PSP	3	Nil	22/03/20 – 21/03/27	142,566	–	–	–	142,566
	PSP	4	Nil	22/03/23 – 21/03/28	88,782	–	–	–	88,782
	PSP	5	Nil	21/03/24 – 20/03/29	–	90,604	–	–	90,604
	DBP	6	Nil	21/03/19 – 21/03/20	25,622	–	12,811	–	12,811
	DBP	6	Nil	21/03/20 – 21/03/21	–	23,396	–	–	23,396
Tony Conophy	Sharesave*	1	1054.0p	01/12/23 – 31/05/24	2,846	–	–	–	2,846
	PSP	2	Nil	22/03/19 – 21/03/26	67,286	–	44,193	23,093	–
	PSP	3	Nil	22/03/20 – 21/03/27	80,788	–	–	–	80,788
	PSP	4	Nil	22/03/23 – 21/03/28	50,310	–	–	–	50,310
	PSP	5	Nil	21/03/24 – 20/03/29	–	51,384	–	–	51,384
	DBP	6	Nil	21/03/19 – 21/03/20	13,059	–	6,529	–	6,530
	DBP	6	Nil	21/03/20 – 21/03/21	–	12,865	–	–	12,865

- Issued under the Rules of the Computacenter 2018 Sharesave Plan, which is available to employees and full-time Executive Directors of the Computacenter Group. Eligible employees can save between £5 and £500 a month to purchase options in shares in Computacenter plc at a price fixed at the beginning of the scheme term. There are no conditions relating to the performance of the Company for this scheme. On 23 October 2019, the Company granted 2,967 options to acquire ordinary shares pursuant to the Rules of the Computacenter 2019 Sharesave Plan at an Option Price of £10.11 to Mike Norris.
- Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 19 May 2015. These awards vested during the year at 65.68 per cent, and accordingly 34.32 per cent of the shares under award lapsed.
 - In respect of 70 per cent of the total award: 10 per cent of this portion of the award will vest if the compound annual EPS growth over the Performance Period equals 5 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 5 per cent and 8.33 per cent, this portion of the award will vest on a straight-line basis up to one-half. This portion of the award will vest in full if the compound annual EPS growth equals or exceeds 12.5 per cent per annum, with straight-line vesting between 50 per cent and 100 per cent.
 - In respect of 30 per cent of the total award: the award will start to vest if the compound annual Services revenue growth rate over the Performance Period equals 3.5 per cent. If the compound annual Services revenue growth rate over the Performance Period is 7.5 per cent, this portion of the award will vest in full. If the compound annual Services revenue growth rate over the period is between 3.5 per cent and 7.5 per cent, then this portion of the award will vest on a straight-line basis between 25 per cent and 100 per cent.
- Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 19 May 2015.
 - In respect of 70 per cent of the total award: 10 per cent of this portion of the award will vest if the compound annual EPS growth over the Performance Period equals 5 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 5 per cent and 8.33 per cent, this portion of the award will vest on a straight-line basis up to one-half. This portion of the award will vest in full if the compound annual EPS growth equals or exceeds 12.5 per cent per annum, with straight-line vesting between 50 per cent and 100 per cent.
 - In respect of 30 per cent of the total award: the award will start to vest if the compound annual Services revenue growth rate over the Performance Period equals 3.5 per cent. If the compound annual Services revenue growth rate over the Performance Period is 7.5 per cent, this portion of the award will vest in full. If the compound annual Services revenue growth rate over the period is between 3.5 per cent and 7.5 per cent, then this portion of the award will vest on a straight-line basis between 25 per cent and 100 per cent.
- Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 19 May 2015.
 - In respect of 70 per cent of the total award: 10 per cent of this portion of the award will vest if the compound annual EPS growth over the Performance Period equals 5 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 5 per cent and 8.33 per cent, this portion of the award will vest on a straight-line basis up to one-half. This portion of the award will vest in full if the compound annual EPS growth equals or exceeds 12.5 per cent per annum, with straight-line vesting between 50 per cent and 100 per cent.
 - In respect of 30 per cent of the total award: the award will start to vest if the compound annual Services revenue growth rate over the Performance Period equals 3.5 per cent. If the compound annual Services revenue growth rate over the Performance Period is 7.5 per cent, this portion of the award will vest in full. If the compound annual Services revenue growth rate over the period is between 3.5 per cent and 7.5 per cent, then this portion of the award will vest on a straight-line basis between 25 per cent and 100 per cent.

Any awards vesting are subject to a two-year holding period following the end of the performance period.
- Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 19 May 2015.
 - In respect of 70 per cent of the total award: 10 per cent of this portion of the award will vest if the compound annual EPS growth over the Performance Period equals 5 per cent per annum. If the compound annual EPS growth rate over the Performance Period is between 5 per cent and 8.33 per cent, this portion of the award will vest on a straight-line basis up to one-half. This portion of the award will vest in full if the compound annual EPS growth equals or exceeds 12.5 per cent per annum, with straight-line vesting between 50 per cent and 100 per cent.
 - In respect of 30 per cent of the total award: the award will start to vest if the compound annual Services revenue growth rate over the Performance Period equals 3.5 per cent. If the compound annual Services revenue growth rate over the Performance Period is 7.5 per cent, this portion of the award will vest in full. If the compound annual Services revenue growth rate over the period is between 3.5 per cent and 7.5 per cent, then this portion of the award will vest on a straight-line basis between 25 per cent and 100 per cent.

Any awards vesting are subject to a two-year holding period following the end of the performance period.
- Conditional shares issued under the terms of the Computacenter 2017 Deferred Bonus Plan. Awards vest in equal tranches on the first and second anniversary of the grant date.

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

Director gains PSP

Director	Date of vesting	Scheme	Number of shares	Exercise price	Market price at exercise	Notional gain made
Mike Norris	21/03/2019	PSP	77,703	Nil	£11.89	£923,699
Tony Conophy	21/03/2019	PSP	44,193	Nil	£11.89	£525,347

The closing market price of ordinary shares at 31 December 2019 (being the last trading day of 2019) was £17.73 [31 December 2018: £10.06].

The highest price during the year was £18.29 and the lowest was £9.65.

Minimum shareholding requirements

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

In addition, when an Executive Director steps down from the Board they will be expected to retain an interest in Computacenter shares based on their in-employment share ownership guideline [or actual shareholding at the date of stepping down from the Board if lower] for a period of two years. This policy will be supported by the use of nominee accounts.

The Committee has the discretion to disapply or reduce this requirement in extenuating circumstances, for example in compassionate circumstances.

Both the CEO and the FD substantially exceed their shareholding requirement.

A Directors' shareholdings

The beneficial interest of each of the Directors in the shares of the Company, as at 31 December 2019, is as follows:

Current Directors	Number of shares in the Company as at 31 December 2019	Percentage of requirement achieved	Interests in shares			
			SAYE	PSP	DBP	Total
Mike Norris	1,145,630	1,844% ³	8,749 ^{1,4}	321,952 ²	36,207 ¹	1,512,538
Tony Conophy	1,851,961	4,599% ³	2,846 ¹	182,482 ²	19,395 ¹	2,056,684
Peter Ryan	900	n/a	–	–	–	900
Rene Haas	–	n/a	–	–	–	–
Philip Hulme	9,411,695	n/a	–	–	–	9,411,695
Ljiljana Mitic	–	n/a	–	–	–	–
Peter Ogden	18,699,389	n/a	–	–	–	18,699,389
Minnow Powell	1,340	n/a	–	–	–	1,340
Ros Rivaz	1,382	n/a	–	–	–	1,382
Greg Lock	700,000 ⁵	n/a	–	–	–	700,000
Regine Stachelhaus	– ⁵	n/a	–	–	–	–

Note: There has been no grant of, or trading in, shares of the Company between 1 January 2020 and 11 March 2020.

1. There are no conditions relating to the performance of the Company or individual for the vesting of this scheme.
2. There are performance conditions for this scheme as set out below the table on page 104.
3. Based on the Company's closing share price as at 31 December 2019, being £17.73.
4. On 23 October 2019, the Company granted 2,967 options to acquire ordinary shares pursuant to the Rules of the Computacenter 2019 Sharesave Plan at an Option Price of £10.11 to Mike Norris.
5. Represents shareholding as at 16 May 2019, at which point Greg Lock and Regine Stachelhaus ceased to be Directors.

Dilution limits

Computacenter uses a mixture of both new issue and market purchase shares to satisfy the vesting of awards made under its PSP, DBP and Sharesave schemes. In line with best practice, the use of new or treasury shares to satisfy awards made under all share schemes is restricted to 10 per cent in any 10-year rolling period, with a further restriction for discretionary schemes of 5.0 per cent in the same period. The Company's current position against its dilution limit is under each of these thresholds. The Company regularly reviews its position against the dilution guidelines and, should there be insufficient headroom within which to grant new awards which could be satisfied by issuing new shares, the Company intends to continue its current practice of satisfying new awards with shares purchased on the market.

Payments to past Directors and payments for loss of office

There were no payments made to past Directors and no payments made for loss of office during the period.

Executive service contracts

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

Director	Start date	Expiry date	Unexpired term	Notice period (months)
Mike Norris	23/04/1998	n/a	None specified	12
Tony Conophy	23/04/1998	n/a	None specified	12

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

Directors' Remuneration Report continued

External appointments for Executive Directors

Executive Directors are permitted to hold outside directorships, subject to approval by the Chairman of the Board, and any such Executive Director is permitted to retain any fees paid for such services. During 2019, neither Executive Director held any outside fee-paying directorships.

Non-Executive Directors' letters of appointment

The Non-Executive Directors have not entered into service contracts with the Company. They each operate under a letter of appointment which sets out their terms, duties and responsibilities. Non-Executive Directors are appointed for an initial term, which runs to the conclusion of the third AGM following their appointment, and which may be renewed at that point. The letters of appointment provide that should a Non-Executive Director not be re-elected at an AGM before he or she is due to retire, then his or her appointment will terminate. The Board has agreed that all Directors will be subject to re-election at the AGM on 14 May 2020.

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

Director	Date of latest letter of appointment	Expiry date	Notice period
Peter Ryan	16 May 2019	Close of the Company's Annual General Meeting in 2022	3 months
Rene Haas	20 August 2019	Close of the Company's Annual General Meeting in 2022	3 months
Philip Hulme	4 May 2019	Close of the Company's Annual General Meeting in 2022	3 months
Ljiljana Mitic	16 May 2019	Close of the Company's Annual General Meeting in 2022	3 months
Peter Ogden	4 May 2019	Close of the Company's Annual General Meeting in 2022	3 months
Minnow Powell	14 December 2017	14 December 2020	3 months
Ros Rivaz	11 November 2019	Close of the Company's Annual General Meeting in 2022	3 months

In 2020, the Chairman will be paid a single consolidated fee of £210,000, an increase of 2.0 per cent on 2019, a rise consistent with average increases made within the wider UK workforce. The Non-Executive Directors are paid a basic fee, plus additional fees for Chairmanship of Board Committees or Senior Independent Director duties.

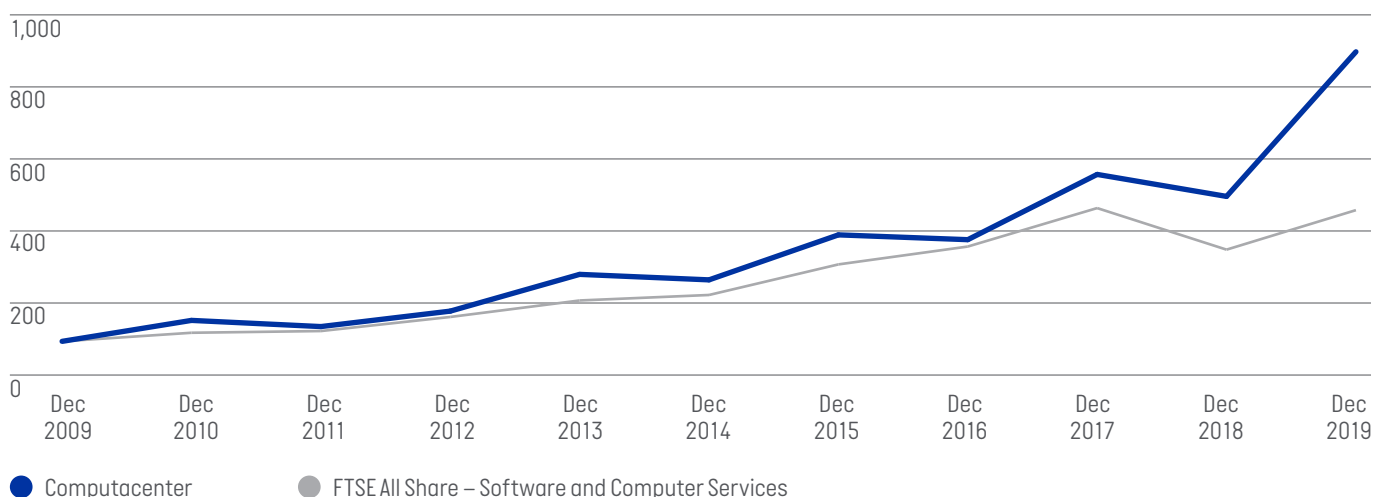
Non-Executive Directors' fees were last benchmarked in December 2018. No changes are proposed to the Non-Executive Directors' annual fees, which are set out in the table below:

Position	2019 Annual fees (£)	2020 Annual fees (£)
Independent Non-Executive Directors	55,000	55,000
Founder Non-Executive Directors	50,000	50,000
Additional fee for the Chairmanship of the Audit Committee	18,000	18,000
Additional fee for the Chairmanship of the Remuneration Committee	10,000	10,000
Additional fee for the position of Senior Independent Director	8,000	8,000

Performance of the Company

Total shareholder return performance

[Computacenter versus FTSE Software and Computer Services sector]



In this graph, TSR performance shows the value, in December 2019, of £100 invested in the Company's shares in December 2009, assuming that all dividends received between December 2009 and December 2019 were reinvested in the Company's shares [source: Datastream].

CEO pay history

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
CEO single figure of remuneration	1,910,675	1,878,675	1,085,300	937,300	1,506,300	2,763,900	1,807,600	2,291,500	2,081,700	2,913,398
Annual bonus payout (as a % of maximum opportunity)	98.5%	63.7%	26.8%	61.2%	69.39%	84.54%	49.12%	92.35%	82.63%	92.5%
Annual bonus	467,875	350,350	161,000	367,000	451,035	803,200	319,280	606,047	557,753	636,863
PSP vesting (as a % of maximum opportunity)	100%	100%	58.5%	0%	35.34%	71.5%	85.13%	68.01%	65.68%	80.78%
PSP vesting	938,201	997,351	385,355	–	478,679	1,384,500	891,800	1,101,400	923,699	1,672,109

Percentage change in remuneration of CEO and employees

The table below sets out the percentage change in the salary, benefits and annual bonus of the CEO compared to the average amount paid to Computacenter employees in the UK, between the year ended 31 December 2018 and 31 December 2019.

	Salary	Benefits	Annual bonus
CEO	2.0%	[19.45]%	14.18%
Computacenter UK-based employees	1.8%	[6.35]%	22.0%

The comparator group of Computacenter UK-based employees was chosen as the Committee believes it provides a sufficiently large comparator group based on a similar incentive structure to the CEO and reduces any distortion arising from currency and cost of living differences in other geographies in which the Group operates. Note that this group excludes a number of UK employees whose pay review is processed outside of the normal annual pay award cycle.

CEO pay ratio

The CEO pay ratio table shows the ratio of pay between the CEO of Computacenter and Computacenter's UK employees. The ratio compares the total remuneration of the CEO against the total remuneration of the median UK employee and those who sit at the 25th and 75th percentiles (lower and upper quartiles).

Computacenter's CEO pay ratios have been calculated using Option B, based on the availability of data at the time the Annual Report was published. This uses the most recent gender pay data to identify the three employees that represent our 25th, 50th and 75th percentile employees. The total remuneration for these individuals has then been calculated based on all components of pay for 2019, including base salary, performance-based pay, pension and benefits. The Committee considers that this provides an outcome that is representative of the employees at these pay levels.

Where an identified employee was part-time, their figures have been converted to a full-time equivalent. No other adjustments were necessary and no elements of employee remuneration have been excluded from the pay ratio calculation.

The day by reference to which the Company determined the 25th, 50th and 75th percentile employees was 20 December 2019.

Computacenter's employer pension contributions, Company-paid benefits and voluntary benefit scheme options are consistent for all UK employees, including the CEO. In addition, the CEO is eligible to participate in the Company's annual bonus and Performance Share Plan, in line with other members of the senior Management team. The value of these variable pay awards is affected by performance delivered and, in the case of the Performance Share Plan, share price movement over three years.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option B	93:1	62:1	43:1

Employees	25th percentile	Median	75th percentile
Total pay and benefits	£31,435	£47,335	£67,083
Salary	£26,839	£39,166	£60,835

Directors' Remuneration Report continued

Relative importance of spend on pay

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

Expenditure on Group employees' pay		Shareholder distributions		Group adjusted ¹ profit before tax*	
2019	£779.5m	2019	£35.8m	2019	£146.3m
2018	£735.2m	2018	£30.9m	2018	£118.2m

* As well as information prescribed by current remuneration reporting regulations, Group adjusted¹ profit before tax has also been included as this is deemed to be a key performance indicator of the Group which is linked to the delivery of value to our shareholders.

Statement of implementation of remuneration policy in the following financial year

Executive Director Remuneration for 2020 will be in accordance with the terms of our Directors' Remuneration Policy table, as set out on pages 91 to 98 of this report.

2020 base salaries

The base salary of the CEO and the FD will increase by 2.0 per cent to £562,000 and £364,000 respectively from 1 January 2020.

2020 annual bonus

The performance measures and weightings for the 2020 annual bonus will be as follows:

Mike Norris – CEO

[2020]



- 1 Group adjusted¹ profit before tax (up to 50%)
- 2 Services contribution growth (up to 10%)
- 3 Cash balance (up to 10%)
- 4 Cost savings (up to 10%)
- 5 Personal objectives (up to 20%)

Tony Conophy – FD

[2020]



- 1 Group adjusted¹ profit before tax (up to 50%)
- 2 Services contribution growth (up to 10%)
- 3 Cash balance (up to 10%)
- 4 Cost savings (up to 10%)
- 5 Personal objectives (up to 20%)

The measures for 2020 have been set to be challenging relative to our 2020 business plan. The targets themselves, as they relate to the 2020 financial year, are deemed by the Committee to be commercially sensitive and therefore have not been disclosed. They will be disclosed at such time as the Committee no longer deems them to be so, and it currently anticipates including these in the Company's 2020 Annual Report and Accounts.

The maximum bonus opportunity for the Executive Directors in 2020 will be 125 per cent of base salary for the CEO and 100 per cent of base salary for the FD. These awards will be subject to deferral in line with our Policy on page 92.

2020 PSP

The award levels for the Executive Directors in the 2020 financial year are 200 per cent of salary for the CEO and 175 per cent of salary for the FD. The 2020 financial year PSP awards will be subject to the same performance measures and targets as for the 2019 PSP awards as set out above. The 2020 financial year PSP awards will be subject to a two-year holding period.

Statement of voting

The results of voting on the Directors' Remuneration Report at the Company's 2019 AGM are outlined in the table below:

Votes cast in favour/discretionary		Votes cast against		Total votes cast	Votes withheld/abstentions
97,425,913	99.7%	302,615	0.3%	97,728,528	4,976

The results of voting on the Remuneration Policy at the Company's 2018 General Meeting are outlined in the table below:

Votes cast in favour/discretionary		Votes cast against		Total votes cast	Votes withheld/abstentions
85,365,677	99.6%	317,191	0.4%	85,682,868	10,968

The Committee is grateful for the continuing support of shareholders. To ensure that this continues, the Committee will consult with shareholders on major issues where it is appropriate to do so. It will also continue to adhere to its underlying principle of decision making that Executive Directors' pay must be linked to performance and the sustainable delivery of value to our shareholders.

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

Ros Rivaz

Chair of the Remuneration Committee

11 March 2020

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

Dialogue with shareholders

The Board is informed of any substantial changes in the ownership of the Company's shares, through monthly reports from the Company's corporate brokers, Investec plc and Credit Suisse. In addition, meetings are held with major shareholders following both the Annual and Interim results. Normally, these meetings are with the CEO and FD. The Board is briefed on the outcome of these meetings and discusses any issues raised. In addition, the Board receives feedback reports from the Group's investor relations firm, Tulchan Communications LLP, and the corporate brokers.

Once a year, the Company's top 15 shareholders are invited to meet individually with the Chairman, Company Secretary and, on request, the Senior Independent Director, to provide feedback on the Group's Management, strategy and corporate governance arrangements, and to raise other comment. Only a few shareholders take up this opportunity. These meetings will next take place in March and April 2020, to address any areas of discussion prior to the Company's next AGM. Again, the Board will be briefed on the outcomes of these meetings. Non-Executive Directors are available to meet major shareholders at any time and can be contacted through the Company Secretary, at the Company's registered office address.

Constructive use of General Meetings

All of the Directors aim to attend the AGM and value the opportunity to welcome individual shareholders and other investors, to communicate directly and address their questions. In addition to mandatory information, a full, fair and balanced explanation of the business of all general meetings is sent in advance to shareholders. Resolutions at the Company's general meetings have been passed on a show of hands and proxies for and against each resolution (together with any abstentions) are announced at the meetings, noted in the minutes, made available on the Company's website and notified to the market.

Annual General Meeting (AGM)

The AGM of the Company will be held on Thursday 14 May 2020 at Computacenter House, 100 Blackfriars Road, SE1 8HL. The AGM notice of meeting sets out each of the resolutions being proposed.

This notice will shortly be available at investors.computacenter.com, and will be mailed to shareholders if they have elected to receive hard copies.

Compliance with DTR

The information that is required by DTR 7.2.6, relating to the share capital of the Company, can be found within the Directors' Report from page 110.

This Corporate Governance Report was approved, by order of the Board, and signed on its behalf by:

Raymond Gray
Company Secretary
11 March 2020

Directors' Report

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

The Directors present the Directors' Report, together with the audited accounts of Computacenter plc and its subsidiary companies (the Group) for the year ended 31 December 2019.

The pages from the inside front cover to 115 of this Annual Report and Accounts are incorporated by reference into the Directors' Report, which has been drawn up and presented in accordance with English company law, and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Strategic Report

The Companies Act 2006 requires the Group to prepare a Strategic Report, which commences at the start of this Annual Report and Accounts up to page 68. The Strategic Report includes information about the Group's operations and business model, particulars of all important events affecting the Company or its subsidiaries, the Group's financial performance in the year and likely future developments, strategic objectives, principal risks and information regarding the Group's sustainable development plan.

Corporate governance

Under Disclosure and Transparency Rule 7.2, the Company is required to include a Corporate Governance Report within the Directors' Report.

Information on our corporate governance practices can be found in the Corporate Governance Report on pages 69 to 109, and the reports of the Audit, Remuneration and Nomination Committees on pages 78, 82 and 88 respectively, all of which are incorporated into the Directors' Report by reference.

Management Report

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

Results and dividends

The Group's activities resulted in a profit before tax of £141.0 million (2018: £108.1 million). The Group profit for the year, attributable to shareholders, amounted to £101.6 million (2018: £80.9 million).

The Directors recommend a final dividend of 26.9 pence per share (2018: 21.6 pence per share) totalling £30.7 million (2018: £24.4 million). The dividend record date is set on Friday 29 May 2020, and the shares will be marked ex-dividend on Thursday 28 May 2020. This is in line with the normal dividend procedure timetable, as set by the London Stock Exchange.

Following the payment of an interim dividend for 2019 of 10.1 pence per share on 11 October 2019, the total dividend per share for 2019 will be 37.0 pence per share. The Board has consistently applied the Company's dividend policy, which states that the total dividend paid will result in a dividend cover of 2 to 2.5 times. Further detail on the Company's dividend policy can be found within the Group Finance Director's review on pages 56 to 57.

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 2019 Annual Report and Accounts, as described in note 14, is made up of the 2018 final dividend (21.6 pence per share) and the 2019 interim dividend (10.1 pence per share).

Articles of Association

The Company's Articles of Association sets out the procedures for governing the Company. A copy of the Articles of Association, which were amended during the reporting period at the Company's AGM on 16 May 2019, is available on the Company's website: investors.computacenter.com. The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

Directors and Directors' authority

The Directors who served during the year ended 31 December 2019 were Tony Conophy, Philip Hulme, Greg Lock, Mike Norris, Peter Ogden, Minnow Powell, Ros Rivaz, Peter Ryan, Regine Stachelhaus, Ljiljana Mitic and Rene Haas. Greg Lock and Regine Stachelhaus both retired from the Board with effect from 16 May 2019. Biographical details of each Director, as at 31 December 2019, are given on pages 72 to 73.

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

Subject to applicable law and the Company's Articles of Association, the Directors may exercise all of the powers of the Company. The Company's Articles of Association provide for a Board of Directors consisting of between three and 20 Directors, who manage the business and affairs of the Company. The Directors may appoint additional or replacement Directors, who shall serve until the following AGM of the Company, at which point they will be required to stand for election by the members. A Director may be removed from office by the Company as provided for by applicable law, in certain circumstances set out in the Company's Articles of Association, and at a general meeting of the Company, by the passing of an Ordinary Resolution (provided special notice has been given in accordance with the Companies Act 2006).

Members have previously approved a resolution to give the Directors authority to allot shares, and a renewal of this authority is proposed at the 2020 AGM. This authority allows the Directors to allot shares up to the maximum amount stated in the Notice of AGM (approximately one-third of the issued share capital). In addition, the Company may not allot shares for cash (unless pursuant to an employee share scheme) without first making an offer to existing shareholders in proportion to their existing holdings. This is known as rights of pre-emption.

Two resolutions allowing a limited waiver of these rights were passed by the members at last year's AGM. At the Company's 2019 AGM, members also approved a resolution giving delegated authority allowing the Company to make market purchases of its own shares, up to a maximum of 10 per cent of the Company's issued share capital, subject to certain conditions including price of purchase, amongst others. Each of these standard authorities will expire on the earlier of 30 June 2020 or the conclusion of the Company's 2020 AGM. The Directors will seek to renew each of the authorities at the 2020 AGM, and full details are provided in the Notice of AGM. As at 28 February 2020, none of these authorities approved by shareholders at the 2019 AGM had been exercised.

Directors' indemnities

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

Directors' conflicts of interest

The Directors are required to notify the Company Secretary of any situations (appointments, holdings or otherwise), or any changes to such, which may give rise to an actual or potential conflict of interest with the Company. These notifications are then reviewed by the Board and recorded in a register maintained by the Company Secretary. If appropriate, they are then considered further by the Directors who are not conflicted, who may authorise the situation. The register of notifications and authorisations is reviewed by the Board twice a year. Where the Board approves an actual or potential conflict, the conflicted Director cannot participate in any discussion or decision affected by the conflict.

Directors' interests in shares

The Directors' interests in the Company's share capital, at the start and end of the reporting period, were as follows:

	As at 31 December 2019		As at 1 January 2019 or date of appointment	
	Number of ordinary shares Beneficial	Number of ordinary shares Non-beneficial	Number of ordinary shares Beneficial	Number of ordinary shares Non-beneficial
Executive Directors				
Mike Norris	1,145,630	–	1,132,819	–
Tony Conophy	1,851,961	–	1,851,961	–
Non-Executive Directors				
Peter Ryan	900	–	900	–
Rene Haas	–	–	–	–
Philip Hulme	9,411,695	8,983,293	9,621,695	9,757,381
Ljiljana Mitic	–	–	–	–
Peter Ogden	18,699,389	8,103,356	18,699,389	8,103,356
Minnow Powell	1,340	–	1,340	–
Ros Rivaz	1,382	–	1,382	–
Greg Lock*	–	–	700,000	100,000
Regine Stachelhaus**	–	–	–	–

* Greg Lock retired from the Board on 16 May 2019 and had 800,000 ordinary shares at that time, held beneficially and non-beneficially.

** Regine Stachelhaus retired from the Board on 16 May 2019 and had no ordinary shares at that time.

Major interests in shares

In accordance with Disclosure and Transparency Rule 5, between 1 January 2019 and 31 December 2019 the Company was notified of the following incremental updates to disclosable interests in its issued ordinary shares:

Name of major shareholder	Date of notification	Percentage of total voting rights held
JPMorgan Asset Management (UK) Limited	12 December 2019	5.55
JPMorgan Asset Management (UK) Limited	31 October 2019	5.45
The Hadley Trust*	28 August 2019	6.15
JPMorgan Asset Management (UK) Limited	14 August 2019	5.29
JPMorgan Asset Management (UK) Limited	1 August 2019	5.01

* A non-beneficial holding of Philip Hulme, a Non-Executive Director of the Board.

No further interests have been disclosed to the Company between 31 December 2019 and 28 February 2020. An updated list of the Company's major shareholders is available at investors.computacenter.com.

Capital structure and rights attaching to shares

As at 28 February 2020, there were 122,687,970 fully paid ordinary shares in issue, of which the Company held 8,546,861 ordinary shares in treasury. The total number of voting rights in the Company, which shareholders may use as the denominator when calculating if they are required to notify their interest in the Company or a change to that interest, under the Disclosure and Transparency Rules, is 114,141,109. The percentage of voting rights attributable to those shares the Company holds in treasury is 6.97 per cent. There are no specific restrictions on the transfer of securities in the Company, which is governed by its Articles of Association and prevailing legislation.

The holders of ordinary shares are entitled, subject to applicable law and the Company's Articles of Association, to:

- have shareholder documents made available to them, including notice of any general meetings of the Company; and
- to attend, speak and exercise voting rights at general meetings of the Company, either in person or by proxy.

The Company is not aware of any arrangements between shareholders which may result in restrictions on the transfer of securities or other voting rights.

The rights attaching to each of the Company's ordinary shares and deferred shares are set out in its Articles of Association. As at 28 February 2020, there were no deferred shares in issue.

Pursuant to the Company's share schemes, there are two employee benefit trusts which, as at the year end, held a total of 1,497,857 ordinary shares of 7½ pence each, representing approximately 1.22 per cent of the issued share capital. During the year, the trusts purchased a total of 1,189,752 shares in order to ensure that the maturities occurring pursuant to these share option schemes could be satisfied. When shares are held by these trusts before being transferred to employee participants then, in line with good practice, the Trustees do not exercise the voting rights attaching to such shares. The Trustees also have a dividend waiver in

place in respect of shares which are the beneficial property of each of the trusts. During the 2019 financial year, no ordinary shares in the Company were issued for cash to satisfy the exercise of options exercised under the Company's outstanding option schemes.

If another entity or individual takes control of the Company, the employee share schemes have change of control provisions that would be triggered. Participants may, in certain circumstances, be allowed to exchange their existing options for options of an equivalent value over shares in the acquiring company. Alternatively, the options may vest early. Early vesting under the executive schemes will generally be on a time-apportioned basis. Under the Sharesave scheme, employees will only be able to exercise their options to the extent that their accumulated savings allow at that time.

During the period, no ordinary shares were purchased for cancellation.

Significant agreements and relationships

Details regarding the status of the Group's various borrowing facilities are provided in the Group Finance Director's Review on pages 57 to 58. These agreements each include a change of control provision, which may result in the facility being withdrawn or amended upon a change of control of the Company. The Group's longer-term Services contracts may also contain change of control clauses that allow a counterparty to terminate the relevant contract in the event of a change of control of the Company.

The Company does not have any agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control on takeover, except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under share schemes and plans to vest on a takeover.

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Group Finance Director's review on pages 59 to 60.

Employee share schemes

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

At the year end, the options remaining outstanding under these schemes were in respect of a total of nil ordinary shares of 7½ pence each [2018: nil shares].

The Company also operates a Performance Share Plan (PSP) to incentivise employees. During the year, 504,975 ordinary shares of 7½ pence each were conditionally awarded [2018: 501,643 shares]. At the year end, awards over 1,798,533 shares remained outstanding under this scheme [2018: 1,810,126 shares]. During the year, awards over 392,765 shares were transferred to participants and awards over 123,803 shares lapsed. In addition, the Company operates a Sharesave scheme for the benefit of employees. As at the year end, 3,964,537 options granted under the Sharesave scheme remained outstanding [2018: 4,209,927].

On 21 March 2019, in accordance with the rules of the Computacenter 2017 Deferred Bonus Plan, the Company granted 36,261 conditional awards over ordinary shares of 7½ pence each [2018: 38,681].

Corporate sustainable development and political donations

The Board recognises that acting in a socially responsible way benefits the community, our customers, shareholders, the environment and employees alike. Further information can be found in the report on pages 24 to 30, which covers matters regarding Health & Safety, equal opportunities, employee involvement and employee development.

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

Equal opportunities

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

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

Employee involvement and development

The Group is committed to involving all employees in significant business issues, especially matters which affect their work and working environment. A variety of methods are used to engage with employees, including team briefings, intranet, email and in-house publications. The Group uses one or more of these channels to brief employees on the Group's performance and the financial and economic factors affecting it. Team briefings are the primary method for engaging and consulting with employees, with managers tasked with ensuring regular information sharing, discussion and feedback.

Employee consultative forums exist in each Group country, to consult staff on major issues affecting employment and matters of policy, and to enable Management to seek employees' views on a wide range of business matters. Where there are cross-jurisdictional issues to discuss, a European forum is engaged, made up of representatives from each country forum. The Senior Independent Director attends at least one meeting per year of this European forum, to directly engage with employee representatives and report a summary of this engagement to the Board.

The Group regularly reviews employees' performance through a formal review process, to identify areas for development. Managers are responsible for setting and reviewing personal objectives, aligned to corporate and functional goals. The Board closely oversees and monitors Management skills and the development of talent, to meet the Group's current and future needs. The Board directly monitors and closely reviews succession and plans for developing identified key senior managers.

The development of employee skills and careers, as well as the communication of the Group's goals, are driven by our Winning Together processes and tools. Annual assessments via our Winning Together processes and tools are a formal requirement of all managers.

The Group operates a Save As You Earn (SAYE) share scheme for eligible employees, who are encouraged to save a fixed monthly sum for a period of either three and/or five years. When the scheme matures, participants can purchase shares in the Company at a price set at the start of the savings period.

Further information can be found in the report on pages 24 to 27 covering employee involvement and employee development.

Business ethics

The Group Ethics policy commits employees to the highest standards of ethical behaviour in respect of customers, suppliers, colleagues and other stakeholders in the business. The policy includes a requirement for all employees to report abuses or non-conformance with the policy and sets out the procedures to be followed.

Going concern

The Directors' statement regarding adoption of the going concern basis of accounting in preparation of the annual Consolidated Financial Statements is set out within the Strategic Report on page 61.

Long-term Viability Statement

The Directors' statement regarding the long-term viability of the Company is set out within the Strategic Report on pages 61 to 62.

Auditor

A resolution to reappoint KPMG LLP as auditor of the Group was approved by the Company's shareholders at the Company's 2019 AGM.

A resolution to reappoint KPMG LLP as the auditor of the Group will be put to shareholders at the forthcoming 2020 AGM.

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, each of the Directors at the date of approval of this report confirms that:

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

Listing rule (LR) disclosures

For the purposes of LR 9.8.4CR, the information required to be disclosed by LR 9.8.4R is set out below, along with cross references indicating where the relevant information is otherwise set out in the Annual Report and Accounts:

Interest capitalised	N/A
Publication of unaudited financial information	N/A
Details of performance share plans	Details of the Company's performance share plan can be found in the Remuneration Committee Report on pages 102 to 104.
Waiver of emoluments by a Director	N/A
Waiver of future emoluments by a Director	N/A
Non pre-emptive issues of equity for cash	N/A
Non pre-emptive issues of equity for cash in relation to major subsidiary undertakings	N/A
Contracts of significance	Details of significant contracts are set out in the Group Finance Director's Review on pages 57 to 60. Details of transactions with related parties are set out on page 169 in note 33 to the Consolidated Financial Statements.
Provision of services by a controlling shareholder	N/A
Shareholder waiver of dividends	The Trustees of the Company's employee share schemes have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.
Shareholder waiver of future dividends	The Trustees of the Company's employee share schemes have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.
Agreements with controlling shareholder	Any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30 per cent or more of the votes able to be cast on all or substantially all matters at general meetings are known as 'controlling shareholders'. The Financial Conduct Authority's Listing Rules now require companies with controlling shareholders to enter into a written and legally binding agreement (a Relationship Agreement) which is intended to ensure that the controlling shareholder complies with certain 'independence related' provisions. The Company confirms that it has undertaken a thorough process during the reporting period to review whether it has any 'controlling shareholders'. Following this process, it was determined that there was no requirement on the Company to enter into a Relationship Agreement with any of its shareholders. The Company confirms that this remained the case as at 31 December 2019, but will keep the matter under review.

MJ Norris
Chief Executive Officer
11 March 2020

FA Conophy
Group Finance Director
11 March 2020

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law, they are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs as adopted by the EU') and applicable law and have elected to prepare the Parent Company Financial Statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company Financial Statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting, unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company, and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and Accounts

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

The Annual Report from inside front cover to page 115 was approved by the Board of Directors and authorised for issue on 11 March 2020 and signed for and on behalf of the Board by:

Mike Norris
Chief Executive
Officer

Tony Conophy
Group Finance
Director

Independent Auditor's Report

to the members of
Computacenter plc



1. Our opinion is unmodified

We have audited the financial statements of Computacenter plc ('the Company') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet and Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 19 May 2015. The period of total uninterrupted engagement is for the five financial years ended 31 December 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£6.0 million (2018: £5.0 million)
	4.3 per cent of profit before tax (2018: 4.4 per cent of normalised profit before tax)
Coverage	95 per cent (2018: 99 per cent) of Group profit before tax

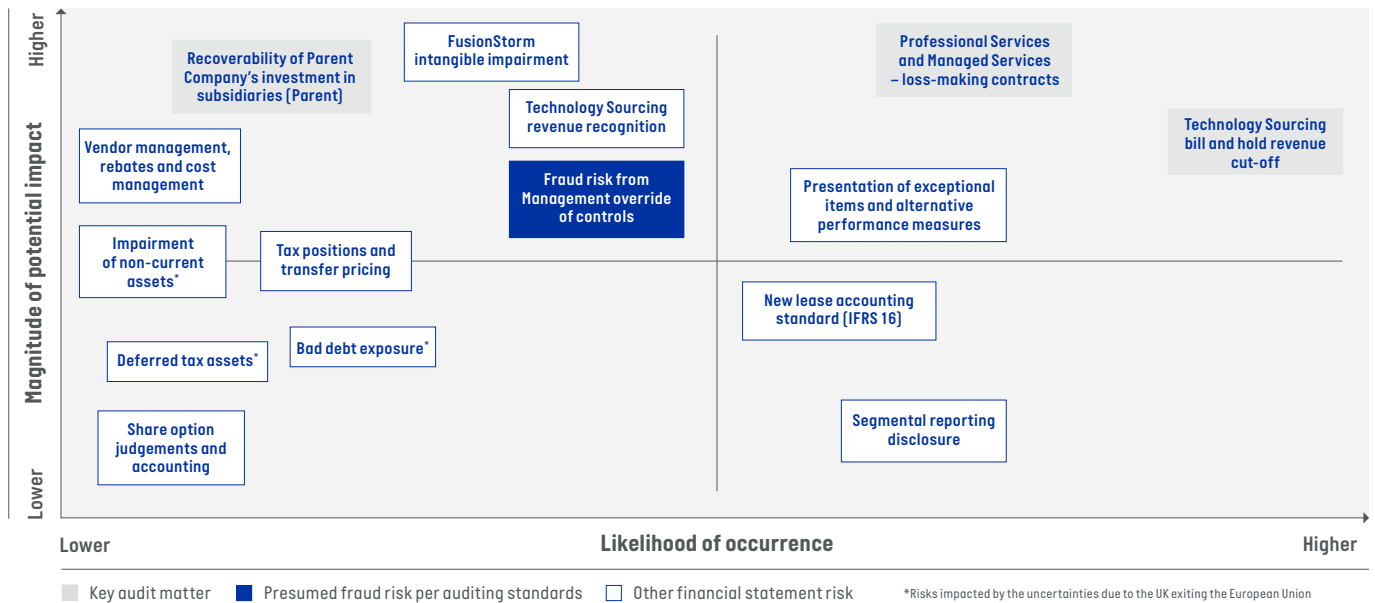
Key audit matters	vs 2018
Recurring risks	
The impact of uncertainties due to the UK exiting the European Union on our audit	< >
Professional Services and Managed Services – loss making contracts	< >
Technology Sourcing bill and hold revenue cut-off	< >
Recoverability of Parent Company's investment in subsidiaries (Parent)	< >

2. Key audit matters: including our assessment of risks of material misstatement

When planning our audit we made an assessment of the relative significance of the key risks of material misstatement to the Group financial statements initially without taking account of the effectiveness of controls implemented by the Group. As part of our audit planning procedures, we presented and discussed our initial assessment of key risks to the Audit Committee and subsequently discussed changes to our assessment. Our final risk map is shown below. We identified four key audit matters that were expected to have the greatest effect on our audit. Throughout our audit we continually reassess the significance of each of these key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below, the key audit matters, in arriving at our audit opinion above together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

We no longer perform procedures over the Valuation of FusionStorm intangible assets, as this matter related to the acquisition of FusionStorm that occurred in the prior year. We have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

We continue to perform procedures over Professional Services and Managed Services contract accounting. However, following a reassessment of the risk, we have not assessed the revenue recognition element of Professional Service and Managed Service contracts as one of the most significant risks in our current year audit and, we have excluded it from our report this year, and have only identified the loss-making contracts element separately.



	The risk	Our response
<p>The impact of uncertainties due to the UK exiting the European Union on our audit</p> <p>Refer to page 85 (Audit Committee Report).</p>	<p>Unprecedented levels of uncertainty:</p> <p>All audits assess and challenge the reasonableness of estimates, in particular the appropriateness of the going concern basis of preparation of the financial statements. This depends on assessments of the future economic environment and the Group's future prospects and performance.</p> <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the Directors' statement that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.</p> <p>Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.</p>	<p>Our procedures included:</p> <p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> • Our Brexit knowledge: We considered the Directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the Directors' plans to take action to mitigate the risks. • Sensitivity analysis: When addressing areas that depend on forecasts, we compared the Directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • Assessing transparency: We considered all of the Brexit-related disclosures together, including those in the Strategic Report, comparing the overall picture against our understanding of the risks. <p>Our findings</p> <ul style="list-style-type: none"> • We found the disclosures in relation to going concern to be proportionate [2018 finding: proportionate]. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

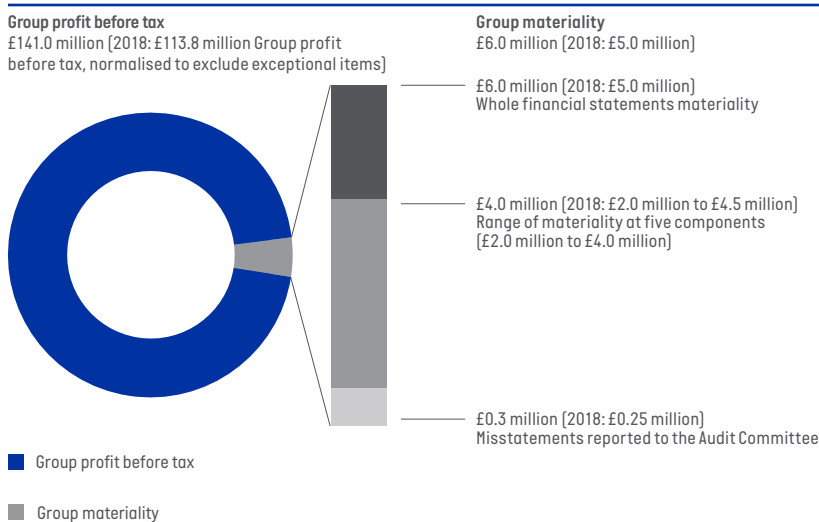
	The risk	Our response
<p>Professional Services and Managed Services – loss-making contracts (Revenue – £1,231.5 million; 2018: £1,175.0 million)</p> <p>(Onerous contract provisions – £7.8 million; 2018: £16.4 million)</p> <p>Refer to page 83 (Audit Committee Report), page 131 (accounting policy) and page 142 (financial disclosures).</p>	<p>Subjective estimate: The contractual arrangements that underpin the measurement and recognition of revenue by the Group can be complex, with significant estimation of future financial performance in fulfilment of the contract required.</p> <p>Where an onerous contract provision is required, estimation is required in assessing the level of provision, including estimated cost to complete and total contract revenue, taking into account performance and delivery risks to the end of the contract, contractual obligations, extension periods and customer negotiations.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the forecasts have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p>	<p>Our procedures included:</p> <p>Contracts were selected for substantive audit procedures based on qualitative factors, such as commercial complexity, and quantitative factors, such as financial significance and profitability that we considered to be indicative of risk. Our audit testing for the contracts selected included the following:</p> <ul style="list-style-type: none"> • Our sector expertise: Inspecting and challenging accounting papers prepared by the Group to understand the support provided in respect of key contract estimates and onerous contract provisions. • Tests of detail: Considering contradictory evidence for future forecast costs including the risks and estimates within these forecasts by obtaining evidence through discussions with key management personnel (including project managers, commercial finance and Group finance), relevant correspondence with customers and delivery performance to date. • Historical comparisons: Comparing the previous contract forecasts to historic and in year performance to assess the historical accuracy of the forecasts for a sample of completed projects in the year and specifically for those contracts where an onerous contract provision is recorded. • Assessing transparency: Assessing the adequacy of the Group's disclosure about estimation uncertainty regarding onerous contract provisions relating to Managed and Professional Services contracts. <p>Our findings</p> <ul style="list-style-type: none"> • We found the estimates in relation to onerous contract provisions to be mildly cautious. We found the Group's disclosures to be proportionate in their description of the estimation uncertainty regarding Professional Services and Managed Services – loss making contracts.
<p>Revenue – Technology Sourcing Bill and Hold revenue cut-off</p> <p>Refer to page 83 (Audit Committee Report), page 139 (accounting policy) and page 142 (financial disclosures).</p>	<p>2019/2020 sales: Technology Sourcing revenue includes revenues from bill and hold transactions.</p> <p>There is judgement required to determine if all of the criteria have been met to recognise a bill and hold sale. This gives rise to some risk that bill and hold revenue is recognised too early.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Tests of details: For a sample of orders selected close to year end, we inspected signed bill and hold agreements, evaluated the segregation and readiness of inventory, and considered if the reason for the arrangement was substantive, in order to assess whether revenue had been recognised in the appropriate period. This sample was selected on the basis of a risk-based sampling methodology combined with items over a determined threshold. <p>Our findings</p> <ul style="list-style-type: none"> • In determining the treatment of Technology Sourcing bill and hold revenue cut-off outcome there is room for judgement and we found that within that, the Group's judgement was balanced.
<p>Recoverability of Parent Company's investment in subsidiaries (£334.0 million; 2018: £319.5 million)</p> <p>Refer to page 84 (Audit Committee Report), page 174 (accounting policy) and page 176 (financial disclosures).</p>	<p>Low risk, high value: The carrying amount of the Parent Company's investments in subsidiaries represents 87 per cent (2018: 74 per cent) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Tests of detail: Comparing the carrying amount of material investments with the relevant subsidiaries' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. • Assessing subsidiary audits: Assessing the work performed by the subsidiary audit teams of those subsidiaries where audits are performed and considering the results of that work on those subsidiaries' profits and net assets. • Our sector experience: For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the business based upon a discounted cash flow model. <p>Our findings</p> <ul style="list-style-type: none"> • We found the Group's assessment of the recoverability of the investment in subsidiaries to be balanced (2018: balanced).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £6.0 million (2018: £5.0 million), determined with reference to a benchmark of Group profit before tax of £141.0 million (2018: £113.8 million normalised in the prior year to exclude the prior year's exceptional items as disclosed in note 8), of which it represents 4.3 per cent (2018: 4.4 per cent). In addition, we applied materiality of £0.1 million (2018: £0.1 million) to related party transactions for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the Company's assessment of the financial performance of the Group.

Materiality for the Parent Company financial statements as a whole was set at £2.0 million (2018: £4.5 million), determined with reference to a benchmark of Company total assets, of which it represents 0.5 per cent (2018: 1.0 per cent). We reduced the Parent Company materiality to reduce the aggregation risk across the components that we audit.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.6 million (2018: £0.5 million) in respect of misstatements which relate solely to reclassifications within the balance sheet, and £0.30 million (2018: £0.25 million) in respect of all other misstatements, in addition to other identified misstatements that warranted reporting on qualitative grounds.



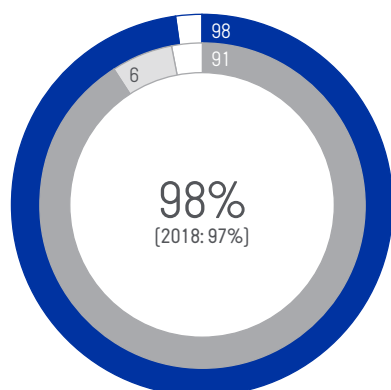
The Group operates a Shared Service Centre (SSC) in Budapest, Hungary, the outputs of which are included in the financial information of three of the five reporting components subject to full scope audit and therefore it is not a separate reporting component. Audit procedures were performed at the SSC which focus on the testing of trade receivables and trade payables transaction processing.

Of the Group's 19 (2018: 17) reporting components, we subjected five (2018: four) to full scope audits for Group purposes and none (2018: one) to specified risk-focused audit procedures. The components within the scope of our work accounted for the percentages illustrated opposite. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these. The remaining 98 per cent of total Group revenue, 95 per cent of Group profit before tax and 96 per cent of total Group assets is represented by 14 reporting components, none of which individually represented more than 1 per cent of any of total Group revenue, Group profit before tax or total Group assets.

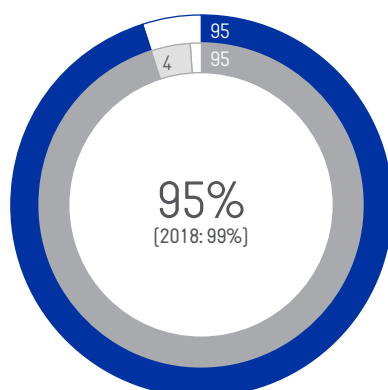
The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component's materialities, which ranged from £2.0 million to £4.0 million (2018: £2.0 million to £4.5 million), having regard to the mix of size and risk profile of the Group across the components. The work on three of the five components (2018: three of the five components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team. For those items excluded from normalised Group profit before tax, the component teams performed procedures on items relating to their components. The Group team performed procedures on the remaining excluded items.

The Group team visited the three (2018: three) overseas component locations in France, Germany and the US, in addition to the Shared Service Centre in Hungary (2018: France, Germany, US and Shared Service Centre in Hungary). At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

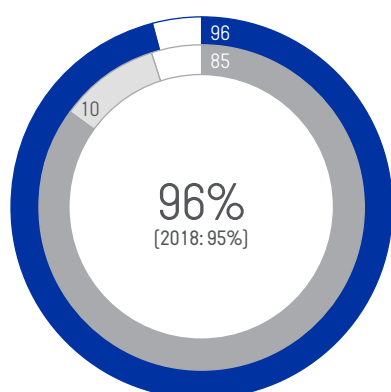
Group revenue



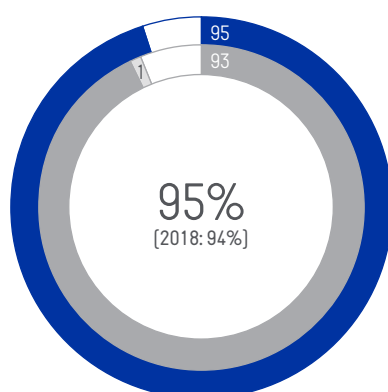
Group profit before tax



Group total assets



Group profit before exceptional items and tax



■ Full scope for Group audit purposes 2019 ■ Specified risk-focused audit procedures 2018 ■ Full scope for Group audit purposes 2018 ■ Residual components

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ['the going concern period'].

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- A contraction in Technology Sourcing and service margins.
- The impact of a significant business continuity issue affecting a number of the Group's key customers and suppliers.

As these were risks that could potentially cast significant doubt on the Group's and Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible [but not unrealistic] adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as Brexit.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement on page 61 on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 114 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on page 61 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 115, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities [see below], or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs [UK] will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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

Tudor Aw (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
11 March 2020

Consolidated Income Statement

For the year ended 31 December 2019

FINANCIAL STATEMENTS
ANNUAL REPORT AND ACCOUNTS 2019

	Note	2019 £'000	2018 £'000
Revenue	4,5	5,052,779	4,352,570
Cost of sales		(4,389,665)	(3,804,019)
Gross profit		663,114	548,551
Administrative expenses		(516,090)	(439,183)
Operating profit		147,024	109,368
Finance income	10	980	1,250
Finance costs	11	(7,046)	(2,490)
Profit before tax		140,958	108,128
Income tax expense	12	(39,397)	(27,199)
Profit for the year		101,561	80,929
Attributable to:			
Equity holders of the Parent		101,655	80,931
Non-controlling interests		(94)	(2)
Profit for the year		101,561	80,929
Earnings per share:			
– basic	13	90.3p	71.4p
– diluted	13	89.0p	70.1p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Profit for the year		101,561	80,929
<i>Items that may be reclassified to Consolidated Income Statement:</i>			
Loss arising on cash flow hedge		(915)	(3,231)
Income tax effect		176	490
		(739)	(2,741)
Exchange differences on translation of foreign operations		(18,175)	7,828
		(18,914)	5,087
<i>Items not to be reclassified to Consolidated Income Statement:</i>			
Remeasurement of defined benefit plan	26	(786)	(1,000)
Other comprehensive income for the year, net of tax		(19,700)	4,087
Total comprehensive income for the year		81,861	85,016
Attributable to:			
Equity holders of the Parent		81,956	85,013
Non-controlling interests		(95)	3
Total comprehensive income for the year		81,861	85,016

Consolidated Balance Sheet

As at 31 December 2019

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	Note	2019 £'000	2018 £'000
Non-current assets			
Property, plant and equipment	15	212,325	106,267
Intangible assets	16	175,670	184,613
Investment in associate	18a	54	57
Deferred income tax assets	12d	9,204	9,587
Prepayments	5	3,520	3,524
		400,773	304,048
Current assets			
Inventories	19	122,189	99,524
Trade and other receivables	20	996,462	1,180,394
Prepayments	5	82,315	69,320
Accrued income	5	94,030	101,899
Forward currency contracts	24	3,218	3,851
Cash and short-term deposits	21	217,881	200,442
		1,516,095	1,655,430
Total assets		1,916,868	1,959,478
Current liabilities			
Trade and other payables	22	978,220	1,142,628
Deferred income	5	174,258	143,080
Financial liabilities	23	56,606	10,640
Forward currency contracts	24	1,707	612
Income tax payable		39,278	42,184
Provisions	26	7,703	11,990
		1,257,772	1,351,134
Non-current liabilities			
Financial liabilities	23	140,932	132,522
Provisions	26	13,982	15,041
Deferred income tax liabilities	12d	11,698	13,009
		166,612	160,572
Total liabilities		1,424,384	1,511,706
Net assets		492,484	447,772
Capital and reserves			
Issued share capital	29	9,270	9,270
Share premium	29	3,942	3,942
Capital redemption reserve	29	74,957	74,957
Own shares held	29	(113,563)	(113,474)
Translation and hedging reserves	29	14,028	32,941
Retained earnings		503,928	440,119
Shareholders' equity		492,562	447,755
Non-controlling interests		(78)	17
Total equity		492,484	447,772

Approved by the Board on 11 March 2020.

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to equity holders of the Parent								
	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Translation and hedging reserves £'000	Retained earnings £'000	Shareholder's equity £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2019	9,270	3,942	74,957	(113,474)	32,941	440,119	447,755	17	447,772
Profit for the year	-	-	-	-	-	101,655	101,655	(94)	101,561
Other comprehensive income	-	-	-	-	(18,913)	(786)	(19,699)	(1)	(19,700)
Total comprehensive income	-	-	-	-	(18,913)	100,869	81,956	(95)	81,861
Cost of share-based payments	-	-	-	-	-	6,775	6,775	-	6,775
Tax on share-based payments	-	-	-	-	-	1,790	1,790	-	1,790
Exercise of options	-	-	-	15,798	-	(10,071)	5,727	-	5,727
Purchase of own shares	-	-	-	(15,887)	-	-	(15,887)	-	(15,887)
Asset reunification	-	-	-	-	-	210	210	-	210
Equity dividends	-	-	-	-	-	(35,764)	(35,764)	-	(35,764)
At 31 December 2019	9,270	3,942	74,957	(113,563)	14,028	503,928	492,562	(78)	492,484
At 1 January 2018	9,299	3,913	74,957	(11,360)	27,859	390,725	495,393	14	495,407
Profit for the year	-	-	-	-	-	80,931	80,931	(2)	80,929
Other comprehensive income	-	-	-	-	5,082	(1,000)	4,082	5	4,087
Total comprehensive income	-	-	-	-	5,082	79,931	85,013	3	85,016
Cost of share-based payments	-	-	-	-	-	6,425	6,425	-	6,425
Tax on share-based payments	-	-	-	-	-	2,706	2,706	-	2,706
Exercise of options	-	-	-	11,158	-	(7,592)	3,566	-	3,566
Purchase of own shares	-	-	-	(13,274)	-	-	(13,274)	-	(13,274)
Return of Value (RoV)	-	-	-	(99,998)	-	-	(99,998)	-	(99,998)
Expenses relating to RoV	-	-	-	-	-	(1,196)	(1,196)	-	(1,196)
Cancellation of deferred shares	(29)	29	-	-	-	-	-	-	-
Equity dividends	-	-	-	-	-	(30,880)	(30,880)	-	(30,880)
At 31 December 2018	9,270	3,942	74,957	(113,474)	32,941	440,119	447,755	17	447,772

Consolidated Cash Flow Statement

For the year ended 31 December 2019

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	Note	2019 £'000	2018 £'000
Operating activities			
Profit before taxation		140,958	108,128
Net finance cost		6,066	1,240
Depreciation of property, plant and equipment (excluding right-of-use assets)	15	21,456	19,380
Depreciation of right-of-use assets	15	40,266	–
Amortisation of intangible assets	16	11,543	15,428
Share-based payments		6,775	6,425
Loss on disposal of intangibles		116	164
Loss on disposal of property, plant and equipment		347	177
Net cash flow from inventories		(27,422)	(28,887)
Net cash flow from trade and other receivables (including contract assets)		136,682	(274,968)
Net cash flow from trade and other payables (including contract liabilities)		(108,799)	285,361
Net cash flow from provisions		10,670	5,865
Other adjustments		(2,414)	726
Cash generated from operations		236,244	139,039
Income taxes paid		(34,231)	(23,821)
Net cash flow from operating activities		202,013	115,218
Investing activities			
Interest received	10	980	1,250
Acquisition of subsidiaries, net of cash acquired		6,116	(55,970)
Purchases of property, plant and equipment	15	(30,132)	(45,442)
Purchases of intangible assets	16	(8,737)	(5,935)
Proceeds from disposal of property, plant and equipment		1,009	146
Net cash flow from investing activities		(30,764)	(105,951)
Financing activities			
Interest paid	11	(3,318)	(2,490)
Interest expense on lease liabilities	11	(3,728)	–
Dividends paid to equity shareholders of the Parent	14	(35,764)	(30,880)
Return of Value (RoV)		–	(99,998)
Expenses on RoV		–	(1,196)
Asset reunification		210	–
Proceeds from share issues		5,727	3,566
Purchase of own shares		(15,887)	(13,274)
Repayment of capital element of finance leases		–	(803)
Repayment of loans		(51,755)	(1,119)
Payment of lease liabilities	23	(42,346)	–
New borrowings – finance leases		–	5,125
New borrowings – bank loan		–	124,065
Net cash flow from financing activities		(146,861)	(17,004)
Increase/(decrease) in cash and cash equivalents		24,388	(7,737)
Effect of exchange rates on cash and cash equivalents		(6,949)	1,580
Cash and cash equivalents at the beginning of the year	21	200,442	206,599
Cash and cash equivalents at the year end	21	217,881	200,442

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1 Authorisation of Consolidated Financial Statements and statement of compliance with IFRS

The Consolidated Financial Statements of Computacenter plc (Parent Company or the Company) and its subsidiaries (the Group) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 11 March 2020. The Consolidated Balance Sheet was signed on behalf of the Board by MJ Norris and FA Conophy. Computacenter plc is a limited company incorporated and domiciled in England whose shares are publicly traded.

The Group's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the Consolidated Financial Statements of the Group for the year ended 31 December 2019 and applied in accordance with the Companies Act 2006.

2 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year as disclosed in the 2018 Annual Report and Accounts except for lease accounting where the Group has adopted the new accounting standard, IFRS 16 'Leases' ('IFRS 16'), as it became effective for the Group from 1 January 2019.

IFRS 16

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

Effective 1 January 2019, the Group adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for FY2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

As permitted by IFRS 16, the Group has elected to adopt the following practical expedients on transition:

- not to capitalise a right-of-use asset or related lease liability where the lease expires before 31 December 2019;
- not to reassess contracts to determine if the contract contains a lease and not to separate lease and non-lease elements;
- to use hindsight in determining the lease term if the contract contains options to extend or terminate the lease;
- lease payments for contracts with a duration of 12 months or less and contracts for which the underlying asset is of a low value will continue to be expensed to the Consolidated Income Statement on a straight-line basis over the lease term;
- to exclude initial direct costs from the measurement of the right-of-use assets related to leases existing at 31 December 2018; and
- to apply the portfolio approach where a group of leases has similar characteristics.

Impact of adoption of IFRS 16

Consolidated Balance Sheet

On initial application, the Group has elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets and lease obligations of £120.6 million were recorded as of 1 January 2019. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The average rate applied is 4.0 per cent.

The Group has recognised £110.9 million of right-of-use assets and £116.8 million of lease liability as at 31 December 2019.

Consolidated Income Statement

Under IFRS 16, the Group has seen a different categorisation of expense within the Consolidated Income Statement, as the IAS 17 operating lease expense is replaced by depreciation and interest costs. During the year ended 31 December 2019, the Group has recognised £40.3 million of depreciation costs and £3.7 million of interest costs from these leases and has seen a decrease of £42.3 million of operating lease rental expense. Had IAS 17 continued in operation during the year, Group profit before tax, on both an adjusted¹ and statutory basis, would have been £1.7 million higher.

Consolidated Cash Flow Statement

The change in presentation because of the adoption of IFRS 16 has seen an improvement in 2019 of cash flow generated from operating activities, offset by a corresponding decline in cash flow from financing activities. There is no overall cash flow impact from the adoption of IFRS 16.

Reconciliation between the Group's operating lease commitments and lease liability

The following table reconciles the Group's operating lease commitments as a lessee at 31 December 2018, as previously disclosed in the Consolidated Financial Statements, to the lease obligations recognised on initial application of IFRS 16 at 1 January 2019:

	£'000
Operating lease commitments at 31 December 2018 as disclosed in the Financial Statements	137,032
Discounted using the incremental borrowing rate at 1 January 2019	(9,913)
Recognition exemption for leases of low-value assets and with less than 12 months of lease term at transition	(18,378)
Other adjustment relating to implementation of IFRS 16	3,098
Total additional lease liabilities recognised on adoption of IFRS 16	111,839
Existing finance lease liabilities at 31 December 2018	8,767
Lease liabilities recognised at 1 January 2019	120,606

Accounting policies

Group as lessee

Recognition of a lease

The contracts are assessed by the Group, to determine whether a contract is, or contains a lease. In general, arrangements are a lease when all of the following apply:

- It conveys the right to control the use of an identified asset for a certain period in exchange for consideration;
- The Group have substantially all economic benefits from the use of the asset; and
- The Group can direct the use of the identified asset.

The policy is applied to contracts entered into, or changed, on or after 1 January 2019. The Group has elected to separate the non-lease components and elected to apply several practical expedients as stated above. In cases where the Group acts as an intermediate lessor, it accounts for its interests in the head-lease and the sub-lease separately.

Measurement of a right-of-use asset and lease liability

Right-of-use asset

As at 1 January 2019, the Group measured the right-of-use asset at cost, which included the following:

- the initial amount of the lease liability adjusted for any lease payments made at or before 1 January 2019;
- any lease incentives received; and
- any initial direct costs incurred by the Group as well as an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lease contract. Cost for dismantling, removing or restoring the site on which it is located and/or the underlying asset is only recognised when the Group incurs an obligation to do so.

The right-of-use asset is depreciated over the lease term, using the straight-line method.

Lease liability

As at 1 January 2019, the lease liability is initially measured at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement comprise of fixed payments, variable lease payments that depend on an index or a rate, amounts to be paid under a residual value guarantee and lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option as well as penalties for early termination of a lease, if the Group is reasonably certain to terminate early. If there is a purchase option present, this will be included if the Group is reasonably certain to exercise the option.

Leases of low-value assets and short term

Leases of low-value assets (<£5,000) and short term with a term of 12 months or less are not required to be recognised on the Consolidated Balance Sheet and payments made in relation to these leases are recognised on a straight-line basis in the Consolidated Income Statement.

Effective for the year ending 31 December 2020

No new standards, interpretations and amendments not yet effective are expected to have a material effect on the Group's future financial statements.

2.1 Basis of preparation

The Consolidated Financial Statements are prepared on the historical cost basis other than derivative financial instruments, which are stated at fair value.

The Consolidated Financial Statements are presented in pound sterling (£) and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

2 Summary of significant accounting policies continued

2.2 Basis of consolidation

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

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

Subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer retains control. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented separately within equity in the Consolidated Balance Sheet, separately from Parent shareholders' equity.

2.2.1 Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Consolidated Balance Sheet date. All differences are taken to the Consolidated Income Statement.

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

The functional currencies of the material overseas subsidiaries are euro (€), US dollar (\$), South African rand (ZAR) and Swiss franc (CHF). The Group's presentation currency is pound sterling. As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their Consolidated Income Statements are translated at the average exchange rates for the year. Exchange differences arising on the retranslation are recognised in the Consolidated Statement of Comprehensive Income. On disposal of a foreign entity, the deferred cumulative amount recognised in the Consolidated Statement of Comprehensive Income relating to that particular foreign operation is recognised in the Consolidated Income Statement.

2.3 Revenue

Revenue is recognised to the extent of the amount which is expected to be received from customers as consideration for the transfer of goods and services to the customer.

In multi-element contracts with customers where more than one good (Technology Sourcing) or service (Professional Services and Managed Services) is provided to the customer, analysis is performed to determine whether the separate promises are distinct performance obligations within the context of the contract. To the extent that this is the case, the transaction price is allocated between the distinct performance obligations based upon relative standalone selling prices. The revenue is then assessed for recognition purposes based upon the nature of the activity and the terms and conditions of the associated customer contract relating to that specific distinct performance obligation.

The following specific recognition criteria must also be met before revenue is recognised:

2.3.1 Technology Sourcing

The Group supplies hardware and software (together as 'goods') to customers that is sourced from and delivered by a number of suppliers.

Technology Sourcing revenue is recognised at a point in time when control of the goods has passed to the customer, usually on despatch.

Payment for the goods is generally received on industry-standard payment terms.

Technology Sourcing principal versus agent recognition

Management is required to exercise its judgement in the classification of certain revenue contracts for Technology Sourcing revenue recognition on either an agent or principal basis.

Because the identification of the principal in a contract is not always clear, Management will make a determination by evaluating the nature of our promise to our customer as to whether it is a performance obligation to provide the specified goods or services ourselves, in that we are the principal, or to arrange for those goods or services to be provided by the other party, where we are the agent. We determine whether we are a principal or an agent for each specified good or service promised to the customer by evaluating the nature of our promise to the customer against a non-exhaustive list of indicators that a performance obligation could involve an agency relationship:

- Evaluating who controls each specified good or service before that good or service is transferred to the customer;
- The vendor retains primary responsibility for fulfilling the sale;
- We take no inventory risk before or after the goods have been ordered, during shipping or on return;
- We do not have discretion to establish pricing for the vendor's goods limiting the benefit we can receive from the sale of those goods; and
- Our consideration is in the form of a usually predetermined commission.

2.3.2 Professional Services

The Group provides skilled professionals to customers either on a 'resource on demand' basis or operating within a project framework.

For those contracts which are 'resource on demand', where the revenue is billed on a timesheet basis, revenue is recognised based on monthly invoiced amounts as this corresponds to the service delivered to the customer and the satisfaction of the Company's performance obligations.

For contracts operating within a project framework, revenue is recognised based on the transaction price with reference to the costs incurred as a proportion of the total estimated costs (percentage of completion basis) of the contract. Under either basis, Professional Services revenue is recognised over time.

If the total estimated costs and revenues of a contract cannot be reliably estimated, revenue is recognised only to the extent that costs have been incurred and where the Group has an enforceable right to payment as work is being performed.

A provision for forecast excess costs over forecasted revenue is made as soon as a loss is foreseen (see note 2.12.1 for further detail).

Unbilled Professional Services revenue is classified as a contract asset and is included within accrued income in the Consolidated Balance Sheet.

Unearned Professional Services revenue is classified as a contract liability and is included within deferred income in the Consolidated Balance Sheet. Payment for the Services, which are invoiced monthly, are generally on industry standard payment terms.

2.3.3 Managed Services

The Group sells maintenance, support and management of customers' IT infrastructures and operations.

Managed Services revenue is recognised over time, throughout the term of the contract, as services are delivered. The specific performance obligations and invoicing conditions in our Managed Services contracts are typically related to the number of calls, interventions or users that we manage and therefore the customer simultaneously receives and consumes the benefits of the services as they are performed. Revenue is recognised based on monthly invoiced amounts as this corresponds to the service delivered to the customer and the satisfaction of the Company's performance obligations.

Unbilled Managed Services revenue is classified as a contract asset and is included within accrued income in the Consolidated Balance Sheet.

Unearned Managed Services revenue is classified as a contract liability and is included within deferred income in the Consolidated Balance Sheet.

Amounts invoiced relating to more than one year are deferred and recognised over the relevant period. Payment for the services is generally on industry standard payment terms.

If the total estimated costs and revenues of a contract cannot be reliably estimated, revenue is recognised only to the extent that costs have been incurred and where the Group has an enforceable right to payment as work is being performed. A provision for forecast excess costs over forecasted revenue is made as soon as a loss is foreseen (see note 2.12.1 for further detail). On occasion, the Group may have a limited number of Managed Services contracts where revenue is recognised on a percentage of completion basis, which is determined by reference to the costs incurred as a proportion of the total estimated costs of the contract (see note 3.1.1 for further detail).

Costs of obtaining and fulfilling revenue contracts

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

When accounting for costs associated with obtaining and fulfilling customer contracts, the Group first considers whether these costs fit within a specific IFRS standard or policy. Any costs associated with obtaining or fulfilling revenue contracts which do not fall into the scope of other IFRS standards or policies are considered under IFRS 15. All such costs are expensed as incurred other than the two types of costs noted below:

1. Win fees – The Group pays 'win fees' to certain employees as bonuses for successfully obtaining customer contracts. As these are incremental costs of obtaining a customer contract, they are capitalised along with any associated payroll tax expense to the extent they are expected to be recovered. These balances are presented within prepayments in the Consolidated Balance Sheet. The win fee balance that will be realised after more than 12 months is disclosed as non-current.

2. Fulfilment costs – The Group often incurs costs upfront relating to the initial set-up phase of an outsourcing contract, which the Group refers to as Entry Into Service. These costs do not relate to a distinct performance obligation in the contract, but rather are accounted for as fulfilment costs under IFRS 15 as they are directly related to the future performance on the contract. They are therefore capitalised to the extent that they are expected to be recovered. These balances are presented within prepayments in the Consolidated Balance Sheet.

Both win fees and Entry Into Service costs are amortised on a straight-line basis over the contract term, as this is materially equivalent to the pattern of transfer of services to the customer over the contract term. The amortisation charges on win fees and Entry Into Service costs are recognised in the Consolidated Income Statement within administration expenses and cost of sales, respectively.

2 Summary of significant accounting policies continued

Any bid costs incurred by the Group's Central Bid Management Engines are not capitalised or charged to the contract, but instead directly charged to selling, general and administrative expenses as they are incurred. These costs associated with bids are not separately identifiable nor can they be measured reliably as the Group's internal bid team's work across multiple bids at any one time.

2.3.4 Finance income

Income is recognised as interest accrues.

2.3.5 Operating lease income

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

2.4 Exceptional items

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

2.5 Adjusted¹ measures

The Group uses a number of non-Generally Accepted Accounting Practice (non-GAAP) financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, listed below, assist in providing additional useful information on the underlying trends, performance and position of the Group. The non-GAAP measures also used to enhance the comparability of information between reporting periods by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Group's performance.

Consequently, non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and incentive-setting purposes and have remained consistent with prior year.

These non-GAAP measures comprise of:

Adjusted operating profit or loss, adjusted profit or loss before tax, adjusted tax, adjusted profit or loss for the year, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items including gain or loss on business disposals, gain or loss on disposal of investment properties, expenses related to material acquisitions, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management do not consider these items when reviewing the underlying performance of the Segment or the Group as a whole. Additionally, adjusted gross profit or loss and adjusted operating profit or loss includes the interest paid on customer-specific financing (CSF) which Management considers to be a cost of sale.

A reconciliation between key adjusted and statutory measures is provided on page 53 of the Group Finance Director's Review which details the impact of exceptional and other adjusting items when comparing to the non-GAAP financial measures in addition to those reported in accordance with IFRS. Further detail is also provided within note 4, Segment information.

2.6 Impairment of assets

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

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

2.7 Property, plant and equipment

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

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

- freehold buildings: 25-50 years
- short leasehold improvements: shorter of seven years and period to expiry of lease
- fixtures and fittings
 - head office: 5-15 years
 - other: shorter of seven years and period to expiry of lease
- office machinery and computer hardware: 2-15 years
- motor vehicles: three years
- right-of-use assets: over respective lease term

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

2.8 Leases

Group as lessee – from 1 January 2019

Recognition of a lease

The contracts are assessed by the Group, to determine whether a contract is, or contains a lease. In general, arrangements are a lease when all of the following apply:

- it conveys the right to control the use of an identified asset for a certain period in exchange for consideration;
- the Group have substantially all economic benefits from the use of the asset; and
- the Group can direct the use of the identified asset.

The policy is applied to contracts entered into, or changed, on or after 1 January 2019. The Group has elected to separate the non-lease components and elected to apply several practical expedients as stated above. In cases where the Group acts as an intermediate lessor, it accounts for its interests in the head-lease and the sub-lease separately.

Measurement of a right-of-use asset and lease liability

Right-of-use asset

The Group measures the right-of-use asset at cost, which includes the following:

- the initial amount of the lease liability adjusted for any lease payments made at or before 1 January 2019;
- any lease incentives received; and
- any initial direct costs incurred by the Group as well as an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lease contract. Cost for dismantling, removing or restoring the site on which it is located and/or the underlying asset is only recognised when the Group incurs an obligation to do so.

The right-of-use asset is depreciated over the lease term, using the straight-line method.

Lease liability

The lease liability is initially measured at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement comprise of fixed payments, variable lease payments that depend on an index or a rate, amounts to be paid under a residual value guarantee and lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option as well as penalties for early termination of a lease, if the Group is reasonably certain to terminate early. If there is a purchase option present, this will be included if the Group is reasonably certain to exercise the option.

Leases of low-value assets and short term

Leases of low-value assets (<£5,000) and short term with a term of 12 months or less are not required to be recognised on the Consolidated Balance Sheet and payments made in relation to these leases are recognised on a straight-line basis in the Consolidated Income Statement.

Group as lessee – until 31 December 2018

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 Consolidated Income Statement on a straight-line basis over the lease term.

2 Summary of significant accounting policies continued

2.9 Intangible assets

2.9.1 Software and software licences

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

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

2.9.2 Software under development

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

2.9.3 Other intangible assets

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

- order back log: three months
- existing customer relationships: 10-15 years
- tools and technology: seven years.

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

2.9.4 Goodwill

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

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

For the purpose of impairment testing, goodwill is allocated to the related CGU monitored by Management, usually at business Segment level or statutory Company level as the case may be. Where the recoverable amount of the CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in the Consolidated Income Statement.

2.10 Inventories

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

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

2.11 Financial assets

Financial assets are recognised at their fair value, which initially equates to the sum of the consideration given and the directly attributable transaction costs associated with the investment. Subsequently, the financial assets are measured at either amortised cost or fair value depending on their classification under IFRS 9. The Group currently holds only debt instruments. The classification of these debt instruments depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

2.11.1 Trade and other receivables

Trade receivables, which generally have 30 to 90-day credit terms, are initially recognised and carried at their original invoice amount less an allowance for any uncollectable amounts. The Group sometimes uses debt factoring to managing liquidity and, as a result, the business model for trade receivables is that they are held for the collection of contractual cash flows, which are solely payments of principal and interest, and for selling. As a result, IFRS 9 requires that, subsequent to initial recognition, they are measured at fair value through other comprehensive income [except for the recognition of impairment gains and losses and foreign exchange gains and losses, which are recognised in profit or loss]. The trade receivables are derecognised on receipt of cash from the factoring party. Given the short lives of the trade receivables, there are generally no material fair value movements between initial recognition and the derecognition of the receivable.

The Group assesses for doubtful debts [impairment] using the expected credit losses model as required by IFRS 9. For trade receivables, the Group applies the simplified approach which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

2.11.2 Current asset investments

Current asset investments comprise deposits held for a term of greater than three months from the date of deposit and which are not available to the Group on demand. The business model for current asset investments is that they are held for the collection of contractual cash flows, which are not solely payments of principal and interest. As a result, subsequent to initial measurement, current asset investments are measured at fair value with fair value movements recognised in profit and loss.

2.11.3 Cash and cash equivalents

Cash and short-term deposits in the Consolidated Balance Sheet comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less. Cash is held for the collection of contractual cash flows which are solely payments of principal and interest and therefore is measured at amortised cost subsequent to initial recognition.

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts, where there is a legal right of set off.

2.12 Financial liabilities

Financial liabilities are initially recognised at their fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The subsequent measurement of financial liabilities is at amortised cost, unless otherwise described below:

2.12.1 Provisions (excluding restructuring provision)

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

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

Customer contract provisions

A provision for forecast excess costs over forecasted revenue is made as soon as a loss is foreseen.

Management continually monitor the financial performance of contracts, and where there are indicators that a contract could result in a negative margin, the future financial performance of that contract will be reviewed in detail. If, after further financial analysis, the full financial consequence of the contract can be reliably estimated, and it is determined that the contract is potentially loss-making, then the best estimate of the losses expected to be incurred until the end of the contract will be provided for (see note 3.1.1 for further detail).

The Group applies IAS 37 in its assessment of whether contracts are considered onerous and in subsequently estimating the provision. An agenda decision published by the IFRS Interpretations Committee outlined that the current wording of IAS 37 allows for two interpretations of what can constitute 'unavoidable' costs when determining whether a contract is onerous. One of the acceptable interpretations noted by the Committee is in line with our current practice, which is to consider costs such as overhead allocations as 'unavoidable'. The matter has been put on the agenda for future discussion at the IFRS Interpretations Committee, with a view to drafting clarifications to IAS 37. Until there is clarity on this matter, we have concluded that our current approach, that considers total estimated costs (i.e. directly attributable variable costs and fixed allocated costs) as included in the assessment of whether the contract is onerous or not and in the measurement of the provision, remains appropriate.

2.12.2 Restructuring provisions

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

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

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

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

2.12.3 Pensions and other post-employment benefits

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

2 Summary of significant accounting policies continued

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

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

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

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

Management continues to account for this obligation according to IAS 19 [revised]. Refer to note 33 for further disclosure.

2.13 Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

2.14 Derivative financial instruments and hedge accounting

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of both the hedging instrument and the hedged item or transaction and then the economic relationship between the two, including whether the hedging instrument is expected to offset changes in cash flow of the hedged item. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows. The Group designates the full change in the fair value of the forward contract (including forward points) as the hedging instrument. Forward contracts are initially recognised at fair value on the date that the contract is entered into and are subsequently remeasured at fair value at each reporting date. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Forward contracts are recorded as assets when the fair value is positive and as liabilities when the fair value is negative.

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

Cash flow hedges that meet the criteria for hedge accounting are accounted for as follows: the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Consolidated Income Statement in administrative expenses.

Amounts recognised within the Consolidated Statement of Comprehensive Income are transferred to the Consolidated Income Statement, within administrative expenses, when the hedged transaction affects the Consolidated Income Statement, such as when the hedged financial expense is recognised.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the Consolidated Income Statement within administrative expenses. If the hedging instrument matures or is sold, terminated or exercised without replacement or rollover, any cumulative gain or loss previously recognised within the Consolidated Statement of Comprehensive Income remains within the Consolidated Statement of Comprehensive Income until after the forecast transaction or firm commitment affects the Consolidated Income Statement.

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

2.15 Taxation

2.15.1 Current tax

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

2.15.2 Deferred income tax

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

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

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

Income tax is charged or credited directly to the Consolidated Statement of Comprehensive Income if it relates to items that are credited or charged to the Consolidated Statement of Comprehensive Income. Otherwise, income tax is recognised in the Consolidated Income Statement.

2.16 Share-based payment transactions

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

The cost of equity-settled transactions with employees is measured by reference to the fair value of the award at the date at which they are granted. The fair value is determined by utilising an appropriate valuation model, further details of which are given in note 30. In valuing equity-settled transactions, no account is taken of any performance conditions as none of the conditions set are market related.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest. The Consolidated Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. As the schemes do not include any market-related performance conditions, no expense is recognised for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 13).

The Group has an employee share trust for the granting of non-transferable options to Executive Directors and senior Management. Shares in the Group held by the employee share trust are treated as investment in own shares and are recorded at cost as a deduction from equity (see note 29).

2.17 Own shares held

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

2.18 Fair value measurement

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

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

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

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

Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in note 27.

3 Critical accounting estimates and judgements

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

During the year, Management set aside time to consider the critical accounting estimates and judgements for the Group. This process included reviewing the last reporting period's disclosures, the key judgements required on the implementation of forthcoming standards such as IFRS 16 and the current period's challenging accounting issues. Where Management deemed an area of accounting to be no longer a critical estimate or judgement, an explanation for this decision is found in the relevant accounting notes to the Consolidated Financial Statements.

3.1 Critical estimates

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

3.1.1 Services revenue recognition and contract provisions

Percentage of completion revenue recognition

On occasion, the Group accounts for certain Services contracts using the percentage of completion method, recognising revenue by reference to the stage of completion of the contract which is determined by actual costs incurred as a proportion of total forecast contract costs. This method places considerable importance on accurate estimates of the extent of progress towards completion of the contract and may involve estimates on the scope of services required for fulfilling the contractually defined obligations. These significant estimates include total contract costs, total contract revenues, contract risks, including technical risks, and other assumptions. Under the percentage of completion method, the changes in these estimates and assumptions may lead to an increase or decrease in revenue recognised at the balance sheet date with the in-year revenue recognition appropriately adjusted as required. When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent that expenses incurred are eligible to be recovered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration.

The key judgements are the extent to which revenue should be recognised and also, where total contract costs are not covered by total contract revenue, the extent to which an adjustment is required.

Contract provisions

During the year, Management held a number of 'difficult' contracts under review that were considered to be performing below expectation. The number of contracts under review fluctuated during the year between seven and 12 [2018: seven and 12]. Each contract was subject to a detailed review to consider the reasons behind the lower than anticipated performance and the potential accounting impacts related effect on revenue recognition estimates and contract provisions.

For a limited number of these 'difficult' contracts, where there was no immediate operational or commercial remedy for the performance, a range of possible outcomes for the estimate of the total contract costs and total contract revenues was considered to determine whether a provision is required and, if so, the best estimate of the provision.

The revenue recognised in the year from these contracts under review was approximately £31.5 million [2018: £30.1 million]. The range of potential scenarios considered by management in respect of these specific contracts resulted in a reduction in margins, recognised in 2019 of £23.7 million [2018: £13.6 million], in the year. At 31 December 2019, based on Management's best estimate, there was a provision of £7.8 million [2018: £16.4 million] against future losses with the total costs to complete on these contracts estimated at £54.7 million [2018: £76.9 million].

The key judgements are determining which contracts are considered 'difficult' and estimating the provision from the range of possible outcomes.

3.2 Critical judgements

Judgements made by Management in the process of applying the Group's accounting policies, that have the most significant effect on the amounts recognised in the Consolidated Financial Statements, are as follows:

3.2.1 Exceptional items

Exceptional items remain a core focus of Management with the recent alternative performance measure regulations providing further guidance in this area.

Management is required to exercise its judgement in the classification of certain items as exceptional and outside of the Group's adjusted results. The overall goal of Management is to present the Group's underlying performance without distortion from one-off or non-trading events regardless of whether they are favourable or unfavourable to the underlying result.

To achieve this, Management have considered the materiality, infrequency and nature of the various items classified as exceptional this year against the requirements and guidance provided by IAS 1, our Group accounting policies and the recent regulatory interpretations and guidance.

In reaching their conclusions, Management consider not only the effect on the overall underlying Group performance but also where an item is critical in understanding the performance of its component Segments which is of relevance to investors and analysts when assessing the Group result and its future prospects as a whole.

Further details of the individual exceptional items, and the reasons for their disclosure treatment, are set out in note 8.

3.2.2 Bill and hold

The Group generates some of its revenue through its 'bill and hold' arrangement with its customers. This arises when the customer is invoiced but the product is not shipped to the customer until a later date, in accordance with the customer's request in a written agreement. In order to determine the appropriate timing of revenue recognition, it is assessed whether control has transferred to the customer.

A bill and hold arrangement is only put in place when a customer lacks the physical space to store the product or the product previously ordered is not yet needed in accordance with the customer's schedule, the customer wants to guarantee supply of an identical product. In order to determine the bill and hold arrangements, the following criteria must be met:

- a) the reason for the bill and hold arrangement must be substantive (for example: the customer has requested the arrangement);
- b) the product must be identified separately as belonging to the customer;
- c) the product currently must be ready for physical transfer to the customer; and
- d) the entity cannot have the ability to use the product or to direct it to another customer.

Judgement is required to determine if all of the criteria [a] to [d] has been met to recognise a bill and hold sale. This is determined by segregation and readiness of inventory, review of customer requests, test of a sample of orders in order to assess whether the accounting policy had been correctly applied to recognise a bill and hold sale.

3.3 Change in critical estimates and critical judgements

During the year, Management reassessed the critical estimates and critical judgements. Technology Sourcing principal versus agent recognition was taken out as the level of judgement involved for this does not elevate to a critical judgement in the current year. Management spent a reduced amount of time on this judgement, after spending a greater amount of time due to the adoption of IFRS 15 in the prior year. Bill and hold has been included in the current year within critical judgements due to an increased volume of bill-and-hold transactions and hence is elevated to a critical judgement.

4 Segment information

Due to the acquisitions made in 2018, Management has further reviewed the way it reported Segmental performance to the Board and the Chief Executive Officer, who is the Group's Chief Operating Decision Maker ('CODM'), during the first half of the year. As a result of this analysis the Board has adopted a new Segmental reporting structure for the year ended 31 December 2019.

In accordance with IFRS 8 Operating Segments, the Group has identified five revised operating Segments:

- UK;
- Germany;
- France;
- USA; and
- International.

In the new USA Segment, the Group has now added a fifth operating Segment which comprises the business acquired in 2018 and the existing USA operations which transfer in from the International Segment.

The UK Segment now includes the TeamUltra trading operations from the International Segment reflecting the fact that the majority of the work performed by TeamUltra is either on UK customers or for UK bids. The TeamUltra operations have been absorbed into the UK trading entity, reflecting the importance of the capability to the UK business. This has also resulted in the combination of the previously separate cash-generating units for these businesses as, post-absorption, this is now the level that the ongoing operation is assessed at. The re-acquisition of R.D. Trading Limited has been added to the UK Segment in the year as the business primarily serves our UK customer base.

The International Segment now comprises a core 'Rest of Europe' presence with key trading operations in Belgium, the Netherlands and Switzerland along with the international Global Service Desk locations in South Africa, Spain, Hungary, Mexico, Poland, Malaysia, India and China. During the year, Computacenter Switzerland acquired PathWorks GmbH. ('PathWorks'), a value added reseller, based in Neudorf (Luzern), Switzerland. This acquisition allows us to add Technology Sourcing to our existing Swiss portfolio completing the Group's Source, Transform and Manage offering. The Global Service Desk locations have limited external revenues, and a cost recovery model that suggests better than breakeven margins to ensure compliance with transfer pricing regulations.

The French and German Segments remain unchanged from that reported at 31 December 2018.

Certain expenses, such as those for the Board and related public company costs; Group Executive members not aligned to a specific geographic trading entity; and the cost of centrally funded strategic corporate initiatives that benefit the whole Group, are not allocated to individual Segments because they are not directly attributable to any single Segment. Accordingly, these expenses continue to be disclosed as a separate column, 'Central Corporate Costs', within the segmental note.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2019

4 Segment information continued

This new segmental reporting structure is the basis on which internal reports are provided to the Chief Executive Officer, as the CODM, for assessing performance and determining the allocation of resources within the Group.

Segmental performance is measured based on external revenues, adjusted¹ gross profit, adjusted¹ operating profit/(loss) and adjusted¹ profit/(loss) before tax.

The change in Segmental reporting has no impact on reported Group numbers.

To enable comparisons with prior year performance, historical Segment information for the year ended 31 December 2018 are restated in accordance with the revised Segmental reporting structure. All discussion within this Annual Report and Accounts on Segmental results reflects this revised structure and the resultant prior period restatements.

Segmental performance for the years ended 31 December 2019 and 31 December 2018 were as follows:

Year ended 31 December 2019

	UK £'000	Germany £'000	France £'000	USA £'000	International £'000	Central Corporate Costs £'000	Total £'000
Revenue							
Technology Sourcing revenue	1,142,746	1,366,392	457,454	732,009	123,626	–	3,822,227
Services revenue							
Professional Services	117,685	207,038	23,844	13,512	4,004	–	366,083
Managed Services	321,175	370,232	81,633	27,634	63,795	–	864,469
Total Services revenue	438,860	577,270	105,477	41,146	67,799	–	1,230,552
Total revenue	1,581,606	1,943,662	562,931	773,155	191,425	–	5,052,779
Results							
Adjusted ¹ gross profit	221,208	260,677	68,195	69,493	43,541	–	663,114
Administrative expenses	(156,673)	(176,199)	(55,884)	(60,369)	(35,358)	(27,139)	(511,622)
Adjusted ¹ operating profit/(loss)	64,535	84,478	12,311	9,124	8,183	(27,139)	151,492
Adjusted ¹ net interest	(1,286)	(1,987)	(524)	(871)	(573)	–	(5,241)
Adjusted ¹ profit/(loss) before tax	63,249	82,491	11,787	8,253	7,610	(27,139)	146,251
Exceptional items:							
– unwinding of discount relating to acquisition of a subsidiary							(825)
– costs relating to acquisition of a subsidiary							(94)
Total exceptional items							(919)
Amortisation of acquired intangibles							(4,374)
Statutory profit before tax							140,958

Year ended 31 December 2019

	Total £'000
Adjusted¹ operating profit	151,492
Add back interest on CSF	–
Amortisation of acquired intangibles	(4,374)
Exceptional items	(94)
Statutory operating profit	147,024

	UK £'000	Germany £'000	France £'000	USA £'000	International £'000	Central Corporate Costs £'000	Total £'000
Other Segment information							
Property, plant and equipment	57,496	112,074	14,353	12,013	16,389	–	212,325
Intangible assets	54,035	16,678	108	93,696	11,153	–	175,670
Capital expenditure:							
Property, plant and equipment	13,482	34,891	2,574	5,449	8,707	–	65,103
Software	7,903	616	13	–	205	–	8,737
Depreciation of property, plant and equipment (excluding right-of-use assets)							
	9,968	6,356	1,788	748	2,596	–	21,456
Depreciation of right-of-use assets							
	3,056	27,007	4,076	2,224	3,903	–	40,266
Amortisation of software							
	5,616	1,187	45	–	321	–	7,169
Share-based payments							
	5,089	1,417	119	150	–	–	6,775

Year ended 31 December 2018

	UK £'000	Germany £'000	France £'000	USA £'000	International £'000	Central Corporate Costs £'000	Total £'000
Revenue							
Technology Sourcing revenue	1,157,916	1,330,616	393,769	238,600	56,680	–	3,177,581
Services revenue							
Professional Services	118,900	166,471	18,914	13,763	3,867	–	321,915
Managed Services	334,578	375,591	80,568	20,718	41,619	–	853,074
Total Services revenue	453,478	542,062	99,482	34,481	45,486	–	1,174,989
Total revenue	1,611,394	1,872,678	493,251	273,081	102,166	–	4,352,570
Results							
Adjusted ¹ gross profit	205,708	231,191	55,655	27,007	28,697	–	548,258
Administrative expenses	(147,467)	(164,332)	(48,601)	(22,666)	(21,238)	(25,188)	(429,492)
Adjusted ¹ operating profit/(loss)	58,241	66,859	7,054	4,341	7,459	(25,188)	118,766
Adjusted ¹ net interest	(158)	45	(162)	(200)	(55)	–	(530)
Adjusted ¹ profit/(loss) before tax	58,083	66,904	6,892	4,141	7,404	(25,188)	118,236
Exceptional items:							
– unwinding of discount relating to acquisition of a subsidiary							(417)
– costs relating to acquisition of a subsidiary							(5,240)
Total exceptional items							(5,657)
Amortisation of acquired intangibles							(4,451)
Statutory profit before tax							108,128

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2019

4 Segment information continued

The reconciliation for adjusted¹ operating profit to statutory operating profit as disclosed in the Consolidated Income Statement is as follows:

Year ended 31 December 2018

	Total £'000
Adjusted¹ operating profit	118,766
Add back interest on CSF	293
Amortisation of acquired intangibles	(4,451)
Exceptional items	(5,240)
Statutory operating profit	109,368

	UK £'000	Germany £'000	France £'000	USA £'000	International £'000	Central Corporate Costs £'000	Total £'000
Other Segment information							
Property, plant and equipment	41,505	50,558	5,612	1,099	7,493	–	106,267
Intangible assets	51,730	18,444	148	105,732	8,559	–	184,613
Capital expenditure:							
Property, plant and equipment	12,103	30,408	867	60	2,004	–	45,442
Software	4,870	730	166	–	169	–	5,935
Depreciation of property, plant and equipment (excluding right-of-use assets)							
	7,910	7,287	1,630	260	2,293	–	19,380
Depreciation of right-of-use assets							
	–	–	–	–	–	–	–
Amortisation of software							
	9,449	1,275	50	–	203	–	10,669
Share-based payments							
	5,034	1,334	57	–	–	–	10,977

Charges for the amortisation of acquired intangibles and utilisation of deferred tax assets (where initial recognition was an exceptional item or a fair value adjustment on acquisition) are excluded from the calculation of adjusted¹ operating profit. This is because these charges are based on judgements about their value and economic life, are the result of the application of acquisition accounting rather than core operations, and whilst revenue recognised in the Consolidated Income Statement does benefit from the underlying technology that has been acquired, the amortisation costs bear no relation to the Group's underlying ongoing operational performance. In addition, amortisation of acquired intangibles is not included in the analysis of Segment performance used by the CODM.

Information about major customers

Included in revenues arising from the UK Segment are revenues of approximately £317 million (2018: £277 million) which arose from sales to the Group's largest customer. For the purpose of this disclosure, a single customer is considered to be a group of entities known to be under common control. This customer consists of entities under control of the UK Government.

5 Revenue

Revenue recognised in the Consolidated Income Statement is analysed as follows:

	2019 £'000	2018 £'000
Revenue by type		
Technology Sourcing revenue	3,822,227	3,177,581
Services revenue		
Professional Services	366,083	321,915
Managed Services	864,469	853,074
Total Services revenue	1,230,552	1,174,989
Total revenue	5,052,779	4,352,570

Contract balances

The following table provides the information about contract assets and contract liabilities from contracts with customers.

	Note	31 December 2019 £'000	31 December 2018 £'000
Trade and other receivables	20	996,462	1,180,394
Contract assets, which are included in prepayments		5,959	6,451
Contract assets, which are included in accrued income		94,030	101,899
Contract liabilities, which are included in deferred income		174,258	143,080

The Group has implemented an expected credit loss impairment model with respect to contract assets using the simplified approach. Contract assets have been grouped on the basis of their shared risk characteristics and a provision matrix has been developed and applied to these balances to generate the loss allowance. The majority of these contract asset balances are with blue chip customers and the incidence of credit loss is low. There has therefore been no material adjustment to the loss allowance under IFRS 9.

Significant changes in contract assets and liabilities

Contract assets are balances due from customers under long-term contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the Group's right to consideration for the services transferred to date. Amounts are generally reclassified to contract receivables when these have been certified or invoiced to a customer. Refer to note 20 for credit terms of trade receivables.

Win fees and fulfilment costs are included in the prepayments balance above. Refer to 2.3.3 for accounting policy of these costs. The Consolidated Income Statement impact of win fees was a recognition of a net cost in FY2019 of £0.2 million with a corresponding credit to tax of £0.05 million for the year. As at 31 December 2019, the win fee balance was £6.0 million. The Consolidated Income Statement impact of fulfilment costs was a recognition of a net cost in FY2019 of £0.05 million with a corresponding credit to tax of £0.05 million for the year. As at 31 December 2019, the fulfilment costs balance was £6.6 million. No impairment loss was recorded for win fees or fulfilment costs during the year.

Revenue recognised in the reporting period from accrued income balance was £2.8 million with a credit to foreign exchange of £5.1 million. No impairment loss was recorded for accrued income during the year.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was £96.8 million. Revenue recognised in the reporting period from performance obligations satisfied or partially satisfied in previous periods was nil. Partially satisfied performance obligations continue to incur revenue and costs in the period.

Remaining performance obligations (Work in hand)

Contracts which have remaining performance obligations as at 31 December 2019 and 31 December 2018 are set out in the table below. The table below discloses the aggregate transaction price relating to those unsatisfied or partially unsatisfied performance obligations, excluding both (a) amounts relating to contracts for which revenue is recognised as invoiced and (b) amounts relating to contracts where the expected duration of the ongoing performance obligation is one year or less.

Managed Services

	Less than one year £m	One to two years £m	Two to three years £m	Three to four years £m	Four years and beyond £m	Total £m
As at 31 December 2019	588	317	198	70	34	1,207
As at 31 December 2018	613	323	216	146	48	1,346

The average duration of contracts is between one to five years, however some contracts will vary from these typical lengths. Revenue is typically earned over these varying timeframes, however more of the revenue noted above is expected to be earned in the short term.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2019

6 Group operating profit

This is stated after charging/[crediting]:

	2019 £'000	2018 £'000
Depreciation of property, plant and equipment (excluding right-of-use assets)	21,456	19,380
Depreciation on right-of-use assets	40,266	–
Loss on disposal of property, plant and equipment	347	177
Amortisation of software	7,169	10,977
Loss on disposal of software	116	164
Amortisation of acquired intangible assets	4,374	4,451
Severance cost	16,275	5,949
Gain on net foreign currency differences	(1,090)	(2,209)
Costs of inventories recognised as an expense	3,426,307	2,852,157
Operating lease payments	–	39,764
Expense relating to short-term leases	611	–
Expense relating to low-value leases	233	–

7 Auditor's remuneration

	2019 £'000	2018 £'000
Auditor's remuneration:		
– Audit of the Financial Statements	60	50
– Audit of subsidiaries	829	722
Total audit fees	889	772
Audit-related assurance services	62	50
Taxation compliance services	1	9
Other assurance services	7	17
Other non-audit services	–	132
Total non-audit services	70	208
Total fees	959	980

The other non-audit services of £0.1 million in FY2018 relates to the financial due diligence conducted by KPMG LLP in connection with the acquisition of FusionStorm.

8 Exceptional items

	2019 £'000	2018 £'000
Operating profit		
Costs relating to acquisition of a subsidiary	(94)	(5,240)
Exceptional operating loss	(94)	(5,240)
Interest cost relating to acquisition of a subsidiary	(825)	(417)
Loss on exceptional items before taxation	(919)	(5,657)
Income tax		
Tax credit on exceptional items	39	1,353
Tax credit relating to acquisition of a subsidiary	839	3,091
Loss on exceptional items after taxation	(41)	(1,213)

2019: Included within the current year are the following exceptional items:

- An exceptional operating loss during the year of £0.1 million resulted from residual costs directly relating to the acquisition of FusionStorm. These costs were non-operational in nature, material in size and unlikely to recur and have therefore been classified as outside our adjusted¹ results. The current year loss resulted from social charges relating to the severance payment for the FusionStorm Chief Executive Officer and has been treated as an exceptional item for consistency with the disclosure in the year to 31 December 2018. A further £0.8 million relating to the unwinding of the discount on the deferred consideration for the purchase of FusionStorm has been removed from the adjusted¹ net finance expense and classified as exceptional interest costs.
- A credit of £0.04 million arising from the tax benefit on the FusionStorm exceptional acquisition costs has been recognised as tax on the above exceptional item. A further tax credit of £0.8 million was recorded due to post-acquisition activity in FusionStorm, related to the transaction, which has resulted in an in-year tax benefit. This activity was settled by the vendor, out of the consideration paid, via post-acquisition capital contributions to FusionStorm. As this credit was related to the acquisition and not operational activity within FusionStorm, is of a one-off nature and material to the overall tax result, it was classified as an exceptional tax item.

2018: Included within the prior year are the following exceptional items:

- An exceptional loss during the year of £5.2 million resulted from costs directly relating to the acquisition of FusionStorm. These costs include a severance payment for the FusionStorm Chief Executive Officer, agreed as part of the acquisition, advisor fees and a finder's fee that was paid on completion of the transaction. These costs are non-operational in nature, material in size and unlikely to recur and have therefore been classified as outside our adjusted¹ results. A further £0.4 million relating to the unwinding of the discount on the deferred consideration for the purchase of FusionStorm has been removed from the adjusted¹ net finance expense and classified as exceptional interest costs.
- A credit of £1.4 million arising from the tax benefit on the FusionStorm exceptional acquisition costs has been recognised as tax on the above exceptional items. A further tax credit of £3.1 million was recorded due to post-acquisition activity in FusionStorm, related to the transaction, which has resulted in a material in-year tax benefit. This activity included settlement of phantom stock awards, deal bonus and change of control payments which were settled by the vendor, out of the consideration paid, via post-acquisition capital contributions to FusionStorm. As this credit was related to the acquisition and not operational activity within FusionStorm, is of a one-off nature and material to the overall tax result, it was classified as an exceptional tax item.

9 Staff costs

The average monthly number of employees (including Executive Directors) during the year was made up as follows:

	2019 No.	2018 No.
UK	4,264	4,182
Germany	6,511	6,124
France	1,595	1,528
USA	604	642
International	2,842	2,641
	15,816	15,117

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	779,462	735,234
Social security costs	113,162	110,758
Share-based payments	6,754	6,425
Pension costs	27,966	24,667
	927,344	877,084

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

10 Finance income

	2019 £'000	2018 £'000
Bank interest receivable	823	792
Other interest received	157	458
	980	1,250

11 Finance costs

	2019 £'000	2018 £'000
Bank loans and overdrafts	2,406	756
Finance charges payable on CSF	–	293
Interest expense on lease liabilities	3,728	–
Other interest	912	1,441
	7,046	2,490

12 Income tax

a) Tax on profit from ordinary activities

	2019 £'000	2018 £'000
Tax charged in the Consolidated Income Statement		
Current income tax		
UK corporation tax	13,213	12,528
Foreign tax:		
– operating results before exceptional items	26,724	20,942
– exceptional items	(878)	(4,444)
Total foreign tax	25,846	16,498
Adjustments in respect of prior years	(460)	148
Total current income tax	38,599	29,174
Deferred tax		
Operating results before exceptional items:		
– origination and reversal of temporary differences	311	(1,830)
– adjustments in respect of prior years	487	(145)
Total deferred tax	798	(1,975)
Tax charge in the Consolidated Income Statement	39,397	27,199

b) Reconciliation of the total tax charge

	2019 £'000	2018 £'000
Accounting profit before income tax	140,958	108,128
At the UK standard rate of corporation tax of 19 per cent (2018: 19 per cent)	26,782	20,544
Expenses not deductible for tax purposes	1,474	987
Non-deductible element of share-based payment charge	432	589
Adjustments in respect of current income tax of previous years	266	(384)
Effect of different tax rates of subsidiaries operating in other jurisdictions	8,876	6,736
Other differences	32	(334)
Overseas tax not based on earnings	1,604	1,390
Tax effect of income not taxable in determining taxable profit	(69)	(2,427)
Deferred tax not recognised on current year losses	–	98
At effective income tax rate of 27.9 per cent (2018: 25.2 per cent)	39,397	27,199

c) Tax losses

Deferred tax assets of £2.0 million (2018: £4.2 million) have been recognised in respect of losses carried forward.

In addition, at 31 December 2019, there were unused tax losses across the Group of £143.0 million (2018: £152.6 million) for which no deferred tax asset has been recognised. Of these losses, £39.8 million (2018: £40.1 million) arise in Germany and £103.2 million (2018: £112.5 million) arise in France. A significant proportion of the losses arising in Germany have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

d) Deferred tax

Deferred income tax at 31 December 2019 and 31 December 2018 relates to the following:

	Consolidated Balance Sheet		Consolidated Income Statement and Consolidated Statement of Comprehensive Income	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred income tax assets				
Relief on share option gains	5,300	4,868	432	(2,000)
Other temporary differences	6,575	4,887	(285)	(277)
Revaluations of foreign exchange contracts to fair value	369	121	247	119
Losses available for offset against future taxable income	1,343	4,167	(2,131)	1,934
Gross deferred income tax assets	13,587	14,043		
Deferred income tax liabilities				
Revaluations of foreign exchange contracts to fair value	809	738	(71)	(555)
Amortisation of intangibles	15,272	16,727	1,186	(1,196)
Gross deferred income tax liabilities	16,081	17,465		
Deferred income tax charge			(622)	(1,975)
Net deferred income tax assets	(2,494)	(3,422)		
Disclosed on the Consolidated Balance Sheet				
Deferred income tax assets	9,204	9,587		
Deferred income tax liabilities	(11,698)	(13,009)		
Net deferred income tax liabilities	(2,494)	(3,422)		

At 31 December 2019, there was no recognised or unrecognised deferred income tax liability (2018: £nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group expects that future remittances of earnings from its overseas subsidiaries will continue to be covered by relevant dividend exemptions. Where, following the departure of the UK from the European Union, the Group's European subsidiaries' unremitted earnings are no longer covered by a dividend exemption, appropriate mitigating steps are envisaged that would eliminate the incidence of withholding tax.

e) Impact of rate change

The main rate of UK Corporation tax is 19 per cent from 1 April 2017 and will be reduced to 17 per cent from 1 April 2020, as enacted in the Finance Act 2015. The deferred tax in these Consolidated Financial Statements reflects this.

Notes to the Consolidated Financial Statements continued
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13 Earnings per share

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

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares.

	2019 £'000	2018 £'000
Profit attributable to equity holders of the Parent	101,655	80,931
	2019 £'000	2018 £'000
Basic weighted average number of shares (excluding own shares held)	112,514	113,409
Effect of dilution:		
Share options	1,655	1,984
Diluted weighted average number of shares	114,169	115,393
	2019 pence	2018 pence
Basic earnings per share	90.3	71.4
Diluted earnings per share	89.0	70.1

14 Dividends paid and proposed

	2019 £'000	2018 £'000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2018: 21.6 pence (2017: 18.7 pence)	24,366	21,075
Interim dividend for 2019: 10.1 pence (2018: 8.7 pence)	11,398	9,805
	35,764	30,880
Proposed (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for 2019: 26.9 pence (2018: 21.6 pence)	30,704	24,654

15 Property, plant and equipment

	Freehold land and buildings £'000	Short leasehold improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Right-of- use assets £'000	Total £'000
Cost					
At 1 January 2018	77,484	29,469	133,195	–	240,148
Relating to acquisition of subsidiaries	–	1,859	6,480	–	8,339
Additions	8,604	6,243	30,595	–	45,442
Disposals	(989)	(15,798)	(33,290)	–	(50,077)
Foreign currency adjustment	358	329	1,408	–	2,095
At 31 December 2018	85,457	22,102	138,388	–	245,947
Transfer	–	–	(15,348)	15,348	–
Implementation of IFRS 16	–	–	–	111,839	111,839
Relating to acquisition of subsidiaries [note 18]	–	2,223	2,765	958	5,946
Additions	1,414	6,713	22,005	34,971	65,103
Disposals	–	(1,385)	(6,270)	(3,021)	(10,676)
Foreign currency adjustment	(1,110)	(795)	(3,790)	(5,435)	(11,130)
At 31 December 2019	85,761	28,858	137,750	154,660	407,029
Accumulated depreciation and impairment					
At 1 January 2018	40,442	20,163	101,639	–	162,244
Relating to acquisition of subsidiaries	–	1,255	1,771	–	3,026
Provided during the year	1,509	2,215	15,656	–	19,380
Disposals	(989)	(15,732)	(29,233)	–	(45,954)
Foreign currency adjustment	10	119	855	–	984
At 31 December 2018	40,972	8,020	90,688	–	139,680
Implementation of IFRS 16	–	–	(6,581)	6,581	–
Relating to acquisition of subsidiaries [note 18]	–	1,724	2,579	–	4,303
Provided during the year	1,965	3,808	15,683	40,266	61,722
Disposals	–	(1,345)	(3,602)	(2,309)	(7,256)
Foreign currency adjustment	(45)	(361)	(2,579)	(760)	(3,745)
At 31 December 2019	42,892	11,846	96,188	43,778	194,704
Net book value					
At 31 December 2019	42,869	17,012	41,562	110,882	212,325
At 31 December 2018	44,485	14,082	47,700	–	106,267
At 1 January 2018	37,042	9,306	31,556	–	77,904

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of two to 10 years, but might have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

As at 31 December 2019, the net book value of recognised right-of-use assets relating to land and buildings was £68.0 million and plant and equipment £42.9 million. The depreciation charge for the year relating to those assets was £16.8 million and £23.5 million, respectively.

Gross finance lease arrangements of £15.3 million and related depreciation of £6.6 million previously presented within plant and equipment, have been reclassified to the right-of-use assets' heading. There has been no change in the amount recognised.

16 Intangible assets

	Acquired intangible assets				Total £'000
	Goodwill £'000	Software £'000	Customer relationship £'000	Others £'000	
Cost					
At 1 January 2018	66,245	102,276	–	20,140	188,661
Relating to acquisition of subsidiaries	45,704	1,057	61,090	3,070	110,921
Additions	–	5,935	–	–	5,935
Disposals	–	(9,354)	–	(1,315)	(10,669)
Foreign currency adjustment	1,948	173	1,935	691	4,747
At 31 December 2018	113,897	100,087	63,025	22,586	299,595
Relating to acquisition of subsidiaries (note 18)	3,111	1,394	–	–	4,505
Additions	–	8,737	–	–	8,737
Disposals	–	(1,321)	–	(1,376)	(2,697)
Adjustment within measurement period	(4,131)	–	–	–	(4,131)
Foreign currency adjustment	(3,360)	(633)	(2,314)	(718)	(7,025)
At 31 December 2019	109,517	108,264	60,711	20,492	298,984
Accumulated amortisation and impairment					
At 1 January 2018	10,816	78,156	–	19,354	108,326
Relating to acquisition of subsidiaries	–	890	–	–	890
Provided during the year	–	10,977	1,049	3,402	15,428
Disposals	–	(9,190)	–	(1,315)	(10,505)
Foreign currency adjustment	166	136	293	248	843
At 31 December 2018	10,982	80,969	1,342	21,689	114,982
Relating to acquisition of subsidiaries (note 18)	–	1,377	–	–	1,377
Provided during the year	–	7,169	4,161	213	11,543
Disposals	–	(1,295)	–	(1,326)	(2,621)
Foreign currency adjustment	(709)	(523)	(443)	(292)	(1,967)
At 31 December 2019	10,273	87,697	5,060	20,284	123,314
Net book value					
At 31 December 2019	99,244	20,567	55,651	208	175,670
At 31 December 2018	102,915	19,118	61,683	897	184,613
At 1 January 2018	55,429	24,120	–	786	80,335

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

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

- Computacenter (UK) Limited
- Computacenter Germany
- Computacenter France
- Computacenter AG
- cITius AG
- Computacenter Belgium
- FusionStorm
- Computacenter Netherlands (formerly Misco Solutions B.V.)
- PathWorks GmbH

These represent the lowest level within the Group at which goodwill is monitored for internal Management purposes. Certain other corporate assets are unable to be allocated against specific CGUs. These assets are tested across an aggregation of CGUs that utilise the asset.

Movements in goodwill

	CC* (UK) Limited £'000	TeamUltra Limited £'000	CC* Germany £'000	CC* AG £'000	clTius AG £'000	CC* Belgium £'000	Fusion -Storm £'000	CC* Netherlands £'000	PathWorks GmbH £'000	Total £'000
1 January 2018	30,429	4,620	15,906	1,016	1,992	1,466	–	–	–	55,429
Relating to acquisition of subsidiaries	–	–	–	–	–	–	42,415	3,289	–	45,704
Foreign currency adjustment	–	–	244	53	104	90	1,276	15	–	1,782
31 December 2018	30,429	4,620	16,150	1,069	2,096	1,556	43,691	3,304	–	102,915
Relating to acquisition of subsidiaries	–	–	–	–	–	–	–	–	3,138	3,138
Integration of CGU	4,620	(4,620)	–	–	–	–	–	–	–	–
Adjustment within measurement period	–	–	–	–	–	–	(4,131)	–	–	(4,131)
Foreign currency adjustment	–	–	(856)	(17)	(33)	(121)	(1,399)	(176)	(76)	(2,678)
31 December 2019	35,049	–	15,294	1,052	2,063	1,435	38,161	3,128	3,062	99,244
Market growth rate	1.6%	1.6%	1.0%	1.5%	1.5%	1.4%	1.8%	1.3%	1.5%	
Discount rate	8.7%	8.7%	10.0%	9.7%	9.7%	11.3%	11.0%	10.7%	9.7%	

CC* – Computacenter.

Key assumptions used in value-in-use calculations

The recoverable amounts of all CGUs have been determined based on a value-in-use calculation. To calculate this, cash flow projections are based on financial budgets approved by Senior Management covering a three-year period and on long-term market growth rates of between 1.0 per cent and 1.8 per cent (2018: between 1.5 and 2.0 per cent) thereafter.

Key assumptions used in the value-in-use calculation for all CGUs for 31 December 2019 and 31 December 2018 are:

- budgeted revenue, which is based on long-run market growth forecasts;
- budgeted gross margins, which are based on average gross margins achieved in the year immediately before the budgeted year, adjusted for expected long-run market pricing trends; and
- the discount rate applied to cash flow projections ranges from 8.7 per cent to 11.3 per cent (2018: 11.0 per cent to 15.0 per cent) which represents the Group's pre-tax discount rate adjusted for the risk profiles of the individual CGUs.

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

Other acquired intangible assets

Other acquired intangible assets consist of order back log and tools and technology. The expected useful lives are shown in note 2.

Other non-current assets

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

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For the year ended 31 December 2019

18 Investments

a) Investment in associate

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

	2019 £'000	2018 £'000
Cost		
At 1 January	606	605
Liquidation	(549)	–
Exchange rate movement	(3)	1
At 31 December	54	606
Impairment		
At 1 January	(549)	(549)
Liquidation	549	–
At 31 December	–	(549)
Carrying value	54	57

Gonicus GmbH

The Group has a 20 per cent [2018: 20 per cent] interest in Gonicus GmbH, whose principal activity is the provision of Open Source Software. Gonicus is a private entity, incorporated in Germany, that is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment. The reporting date of Gonicus is 31 December.

ICS Solutions Limited (ICS)

ICS was liquidated on 4 September 2019. The Group had a 25 per cent [2018: 25 per cent] interest in ICS.

b) Investment in subsidiaries

The Group's subsidiary undertakings are as follows:

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held	
			2019	2018
Computacenter NV/SA	Belgium ¹	IT infrastructure services	100% ^{vi}	100% ^{vi}
Computacenter Beijing Var Company Ltd	China ²	IT infrastructure services	100% ^v	100% ^v
Computacenter Hong Kong Limited	China ³	IT infrastructure services	100% ^v	100% ^v
Computacenter (UK) Limited	England ⁴	IT infrastructure services	100%	100%
TeamUltra Limited	England ⁴	IT infrastructure services	100% ⁱ	100% ⁱ
R.D. Trading Limited	England ⁵	IT infrastructure services	100%	–
Computacenter France SAS	France ⁶	IT infrastructure services	100%	100%
Computacenter AG & Co oHG	Germany ⁷	IT infrastructure services	100%	100%
Computacenter Aktiengesellschaft	Germany ⁸	IT infrastructure services	100%	100%
Computacenter Management GmbH	Germany ⁸	IT infrastructure services	100%	100%
Computacenter Managed Services GmbH	Germany ⁸	IT infrastructure services	100%	100%
Computacenter Germany AG & Co oHG	Germany ⁹	IT infrastructure services	100% ⁱⁱ	100% ⁱⁱ
Computacenter Holding GmbH	Germany ⁹	IT infrastructure services	100%	100%
Alfatron GmbH Elektronik – Vertrieb	Germany ⁹	IT infrastructure services	100% ⁱⁱ	100% ⁱⁱ
C'NARIO Informationsprodukte Vertriebs-GmbH	Germany ⁹	IT infrastructure services	100% ⁱⁱ	100% ⁱⁱ
E'ZWO Computer vertriebs	Germany ⁹	IT infrastructure services	99.09% ⁱⁱ	99.09% ⁱⁱ
Computacenter Ireland Limited	Ireland ¹⁰	IT infrastructure services	100%	–
Computacenter B.V.	Netherlands ¹¹	IT infrastructure services	100%	100%
Computacenter NV	Netherlands ¹²	IT infrastructure services	100%	100%
Computacenter Netherlands B.V.	Netherlands ¹³	IT infrastructure services	100% ^v	100% ^v
Computacenter (Pty) Limited	South Africa ¹⁴	IT infrastructure services	100% ⁱ	100% ⁱ
Computacenter AG	Switzerland ¹⁵	IT infrastructure services	100%	100%
Computacenter PS AG	Switzerland ¹⁶	IT infrastructure services	100% ⁱⁱⁱ	100% ⁱⁱⁱ

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held	
			2019	2018
PathWorks GmbH	Switzerland ¹⁷	IT infrastructure services	100%	100%
Computacenter Fusionstorm Inc.	USA ¹⁸	IT infrastructure services	100% ^v	100% ^v
FusionStorm Acquisition Corp.	USA ¹⁸	IT infrastructure services	100% ^v	100% ^v
FusionStorm International Inc.	USA ¹⁸	IT infrastructure services	100% ^v	100% ^v
Computacenter (U.S.), Inc.	USA ¹⁹	IT infrastructure services	100%	100%
Digica Group Finance Limited	England ⁴	Investment property	100% ⁱ	100% ⁱ
Computacenter Immobilien GmbH	Germany ⁷	Investment property	100%	100%
Computacenter Information Technology (Shanghai) Company Limited	China ²⁰	International call centre services	100% ⁱ	100% ⁱ
Computacenter Services Kft	Hungary ²¹	International call centre services	100% ⁱ	100% ⁱ
Computacenter India Private Limited	India ²²	International call centre services	100% ^{viii}	100% ^{viii}
Computacenter Services (Malaysia) Sdn. Bhd	Malaysia ²³	International call centre services	100% ⁱ	100% ⁱ
Computacenter México S. A. de C.V.	Mexico ²⁴	International call centre services	100% ^{viii}	100% ^{viii}
Computacenter Poland sp. Z.o.o.	Poland ²⁵	International call centre services	100% ^{vii}	100% ^{viii}
Computacenter Services (Iberia) SLU	Spain ²⁶	International call centre services	100% ⁱ	100% ⁱ
FusionStorm Netherlands Cooperatief	Netherlands ¹³	Financial holdings	100% ^v	100% ^v
Computacenter Quest Trustees Limited	England ⁴	Employee share scheme trustees	100% ⁱ	100% ⁱ
Computacenter Trustees Limited	England ⁴	Employee share scheme trustees	100% ⁱ	100% ⁱ
Allnet Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Amazon Computers Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Amazon Energy Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Amazon Systems Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
CAD Systems Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Compufix Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter (FMS) Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter (Management Services) Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter (Mid-Market) Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter Consumables Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter Distribution Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter Leasing Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter Maintenance Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter Overseas Holdings Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter Services Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter Software Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter Solutions Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computacenter Training Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computadata Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Computer Services Group Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Digica Group Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Digica Group Holdings Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Digica SMP Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Digica (FMS) Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
ICG Services Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
M Services Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Merchant Business Systems Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Merchant Systems Limited	England ⁴	Dormant company	100% ⁱ	100% ⁱ
Logival (SARL)	France ⁶	Dormant company	100% ^{iv}	100% ^{iv}
Damax GmbH	Switzerland ¹⁵	Dormant company	100% ⁱⁱⁱ	100% ⁱⁱⁱ
Computacenter (US) Defense Inc.	USA ¹⁹	Dormant company	100% ^v	100% ^v

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2019

18 Investments continued

- i Includes indirect holdings of 100 per cent via Computacenter (UK) Limited
 - ii Includes indirect holdings of 100 per cent via Computacenter Holding GmbH, excludes E'ZWO Computervertriebs which is 99.09 per cent
 - iii Includes indirect holdings of 100 per cent via Computacenter AG
 - iv Includes indirect holdings of 100 per cent via Computacenter France SAS
 - v Includes indirect holdings of 100 per cent via Computacenter (U.S.) Inc.
 - vi Includes indirect holdings of 1 per cent via Computacenter (UK) Limited
 - vii Includes indirect holdings of 99 per cent via Computacenter (UK) Limited
 - viii Includes indirect holdings of 99.99 per cent via Computacenter (UK) Limited
1. Ikaroslaan 31, B-1930 Zaventem
 2. 2/F, Building 6, Tian Tan East Road 31, Dongcheng District, Beijing City
 3. 3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
 4. Hatfield Avenue, Hatfield, Hertfordshire AL10 9TW
 5. Tekhnicon, Springwood, Braintree, Essex CM7 2YN
 6. Agence de Roissy, 229 rue de la Belle Etoile, ZI Parid Nord II, BP 52387, 95943 Roissy CDG Cedex
 7. Computacenter Park 1, 50170 Kerpen, Germany
 8. Kattenbug 2, 50667 Koln
 9. Werner-Eckert-Str. 16 - 18, 81829 Munchen
 10. Skybridge House, Corballis Road North, Dublin Airport, Swords, Co. Dublin, K67P6K2
 11. Gondel 1, 1186 MJ Amstelveen, Netherlands
 12. Beech Avenue 54 - 80 1119 PW Schiphol-Rijk
 13. Prins Bernhardplein 200, 1097JB Amsterdam
 14. Building 1, Parc du Cap, Mispel Road, Belville, 7535, Cape Town
 15. Riedstrasse 14, CH-8953 Dietikon
 16. Giessereistrasse 4, CH-8620 Wetzikon
 17. Luzernerstrasse 52c, CH 6025 Neudorf
 18. 1 University Ave, Suite 102, Westwood, MA 02090
 19. 250 Pehle Avenue, Suite 311 Plaza One, Saddle Brook
 20. Unit 229, Block 2, Building 1, Huanhu West 2nd Road no. 888 Nanhui New Town, Putong District Shanghai
 21. Haller Gardens, Building D. 1st Floor, Soroksari ut 30 - 34, Budapest 1095
 22. No.135/1, Purva Premiere, Residency Road, Ward No:76, Bangalore, 560025, Karnataka
 23. Level 9, Tower 1, Puchong Financial Corporate Centre, Jalan Puteri 1/2, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan
 24. Av. Paseo de la Reforma, No.412 floor 5, Col.Juarez, Delegacion Cuauhtemoc, CP06600, Mexico City
 25. Ul. Glogowska 31/33, 60 - 702, Poznan, Poland
 26. Carrer de Sancho De Avila 52 - 58, 08018, Barcelona

Computacenter plc is the ultimate Parent entity of the Group.

R.D. Trading Limited (RDC)

On 10 August 2019, the Group acquired 90 per cent of the voting shares of RDC for a consideration of 90 pence. The Group received a cash consideration of £8.1 million from the seller of RDC. The acquisition-related costs amounted to £0.3 million and are included in the Consolidated Income Statement. RDC is based in the UK and is an IT assets disposer. The acquisition has been accounted for using the purchase method of accounting.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Provisional fair value to the Group £'000
Non-current assets	
Property, plant and equipment (including right-of-use assets)	1,643
Software	17
Inventories	2,641
Trade and other receivables	1,590
Prepayments	875
Cash and short-term deposits	869
Trade and other payables	(8,619)
Property provisions	(2,000)
Lease liabilities	(5,128)
Net liabilities acquired	(8,112)
Goodwill arising on acquisition	-
	(8,112)
Discharged by:	
Cash received on acquisition	(8,112)
Cash and cash equivalents acquired	
Cash and short-term deposits	(869)
Cash inflow on acquisition	(8,981)

The initial accounting for the acquisition of RDC has only been provisionally determined at the date of finalisation of these Consolidated Financial Statements based on Management's best estimates. It is expected that adjustments could be made to the allocation of value between property, plant and equipment, trade and other payables, property provisions, lease liabilities and deferred taxes.

From the date of acquisition to 31 December 2019, RDC contributed £7.5 million to the Group's revenue and a loss of £0.4 million to the Group's profit after tax.

PathWorks GmbH (PathWorks)

On 1 March 2019, the Group acquired 100 per cent of the voting shares of PathWorks for an initial consideration of €3.9 million and agreed to an undiscounted contingent consideration of €0.5 million, dependent upon the achievement of agreed performance criteria over the next three years from the date of acquisition. The acquisition-related costs amounted to €0.1 million and are included in the Consolidated Income Statement. PathWorks is based in Switzerland and is an IT product provider. The acquisition has been accounted for using the purchase method of accounting.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Final fair value to the Group £'000
Inventories	75
Trade and other receivables	737
Cash and short-term deposits	585
Prepayments	367
Trade and other payables	(1,452)
Net assets acquired	312
Goodwill arising on acquisition	3,138
	3,450
Discharged by:	
Cash paid on acquisition	3,107
Contingent consideration	343
	3,450
Cash and cash equivalents acquired	
Cash and short-term deposits	(585)
Cash outflow on acquisition	2,865

The accounting for the acquisition of PathWorks has now been finalised at the date of finalisation of these Financial Statements. Included in the £3.1 million of goodwill that arose on acquisition are certain intangible assets that cannot be individually separated and reliably measured under IFRS 3 Business Combination from the acquiree due to their nature. These items include the expected value of synergies, a footprint from which to grow Technology Sourcing business in Switzerland and the skillset of the workforce.

From the date of acquisition to 31 December 2019, PathWorks contributed £18.4 million to the Group's revenue and a profit of £0.8 million to the Group's profit after tax.

Contingent consideration

Based on the performance of the business in FY2019 and the forecasted performance for FY2020 and FY2021, Management's assessment is that it is highly probable that the contingent consideration of €0.5 million will become payable and accordingly the discounted contingent consideration (using a discount rate of 9.7 per cent) has been included in the provisional fair value to the Group.

Management concluded that the contingent consideration was actually consideration and not remuneration on the basis that the vendor shareholders due to be paid the consideration were not required to remain in employment post-acquisition.

Results of acquisition from 1 January 2019

If the acquisition of RDC and PathWorks were completed on 1 January 2019, the Group's revenue for the year would have been £5,093 million and the Group's profit after tax would have been £98.1 million.

Acquisitions in previous periods

In FY2019, the provisional fair values recorded for the FY2018 acquisition of FusionStorm were finalised resulting in a decrease to goodwill of £4.1 million at 31 December 2019. The changes to fair values were mainly due to a change in Management's assessment of realisation of deferred tax liabilities that existed in the acquired liabilities. No change was recorded in the fair values of Computacenter Netherlands, which was also acquired in FY2018.

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2019

19 Inventories

	2019 £'000	2018 £'000
Inventories for re-sale	122,189	99,524

20 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	948,334	1,128,456
Other receivables	48,128	51,938
	996,462	1,180,394

For terms and conditions relating to related party receivables, refer to note 34.

Trade receivables are non-interest bearing and are generally on 30 to 90-day credit terms. Note 27 sets out the Group's strategy towards credit risk.

The movements in the provision for doubtful debts were as follows:

	2019 £'000	2018 £'000
At 1 January	19,858	12,480
Charge for the year	13,354	14,709
Utilised	(6,874)	(6,565)
Unused amounts reversed	(3,534)	(5,001)
Foreign currency adjustment	(894)	4,235
At 31 December	21,910	19,858

There was no change made to the level of provision for doubtful debts upon the adoption of IFRS 9. The doubtful debt provision is determined as follows:

	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
2019							
Expected loss rate	2.26%	0.31%	3.14%	8.18%	18.73%	41.81%	77.65%
Gross carrying amount	970,244	831,180	88,197	22,218	9,932	4,518	14,199
Provision	21,910	2,546	2,773	1,817	1,860	1,889	11,025
2018							
Expected loss rate	1.73%	0.43%	4.21%	3.63%	3.70%	74.62%	77.16%
Gross carrying amount	1,148,314	1,003,452	89,008	30,785	11,697	1,852	11,520
Provision	19,858	4,287	3,749	1,118	433	1,382	8,889

21 Cash and short-term deposits

	2019 £'000	2018 £'000
Cash at bank and in hand	217,881	200,442

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 £217,881,000 (2018: £200,442,000).

Due to strong cash generation over the past three years, the Group is now in a position where it can finance its operational requirements from its cash balance. The Group does, however, retain overdraft facilities where required. The uncommitted overdraft facilities available to the Group are £13.1 million at 31 December 2019 (2018: £11.7 million). During 2013, the Group entered into a specific committed facility of £40.0 million. In 2018, this facility was renewed for a second time to a value of £60.0 million and expires on 22 May 2021.

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents comprise the following at 31 December:

	2019 £'000	2018 £'000
Cash at bank and in hand	217,881	200,442

Expected credit loss on cash and cash equivalents is negligible and therefore no provision is held.

22 Trade and other payables

	2019 £'000	2018 £'000
Trade payables	643,377	885,834
Other payables	334,843	256,794
	978,220	1,142,628

For terms and conditions relating to related parties, refer to note 34.

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

The Group had no short-term supplier extended-term interest-bearing credit facilities [2018: nil].

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

23 Financial liabilities

	2019 £'000	2018 £'000
Current		
Bank loan	20,032	7,472
Lease liabilities	36,574	–
Current obligations under finance leases – ‘CSF’	–	3,168
	56,606	10,640
Non-current		
Bank loan	60,740	126,762
Lease liabilities	80,192	–
Non-current obligations under finance leases – ‘CSF’	–	5,760
	140,932	132,522

There are no material differences between the fair value of financial liabilities and their book value.

Bank loans

The Group has two principal bank loans:

- A loan of £100 million was drawn at 2.05 per cent interest rate to finance the acquisition of FusionStorm. The outstanding balance as at 31 December 2019 was £56 million at a revised interest rate of 2.10 per cent. Repayment of this loan commenced in H1 2019 and will continue for two years, with an option to repay early. Management has made early repayments of £30 million during the year; and
- A total loan of €38.5 million was drawn at various stages between December 2017 and July 2018 to finance the fit out of the new German headquarters building and Integration Center in Kerpen. Further details are shown below:
 - €8.0 million drawn in December 2017, carries fixed interest rate at 1.65 per cent per annum. The balance on this loan as at 31 December 2019 was €4.8 million. Repayments commenced in H1 2018 and will continue for three years;
 - €8.9 million drawn in December 2017 carries fixed interest rate at 1.95 per cent per annum. The balance on this loan as at 31 December 2019 was €7.1 million. Repayments commenced in H1 2018 and will continue for eight years;
 - €8.5 million drawn in July 2018, carries fixed interest rate at 0.95 per cent per annum. The balance on this loan as at 31 December 2019 was €5.8 million. Repayments commenced in H2 2018 and will continue for four years; and
 - €13.1 million was taken out in 2018, carries fixed interest rate at 0.75 per cent per annum. The balance on this loan as at 31 December 2019 was €11.3 million. Repayments commenced in H2 2018 and will continue for eight years.

23 Financial liabilities continued
Lease liabilities

	£'000
Implementation of IFRS 16	120,606
Additions during the year	35,720
Relating to acquisition of a subsidiary	5,128
Payment of lease liabilities	(42,346)
Interest relating to lease liabilities	3,728
Cancellations during the year	(772)
Exchange adjustment	(5,298)
At 31 December 2019	116,766
Current 2019	36,574
Non-current 2019	80,192
	116,766

Finance leases – FY2018

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.

The finance lease and loan facilities are committed.

Facilities

At 31 December 2019, the Group had available £13.1 million of uncommitted overdraft facilities (2018: £11.7 million).

24 Forward currency contracts

	2019 £'000	2018 £'000
Financial instruments at fair value through profit and loss		
Foreign exchange forward contracts	(852)	(39)
Financial instruments at fair value through other comprehensive income		
Cash flow hedges		
Foreign exchange forward contracts	2,363	3,278
	1,511	3,239

Cash flow hedges

Financial assets and liabilities at fair value through other comprehensive income

These amounts reflect the change in the fair value of foreign exchange forward contracts designated as cash flow hedges which are used to hedge expected contract costs in South African rand and Hungarian forint where sales on those contracts are in pound sterling, based on highly probable forecast transactions.

Financial assets and liabilities at fair value through profit or loss

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

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

Effectiveness of hedging

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

The cash flow hedges of the forecasted costs were assessed to be highly effective and a net unrealised gain of £2,363,000 (2018: £3,278,000) with a deferred tax liability of £440,000 (2018: £616,000) relating to the hedging instruments is included in the Consolidated Statement of Comprehensive Income. The amounts retained in the Consolidated Statement of Comprehensive Income of £2,363,000 (2018: £3,278,000) are expected to mature and affect the Consolidated Income Statement between 2020 and 2024.

Forward currency contracts

At 31 December 2019 the Group held foreign exchange contracts as hedges of an inter-company loan and future expected payments to suppliers. The exchange contracts are being used to reduce the exposure to foreign exchange risk. The terms of these contracts are detailed below:

31 December 2019

	Buy currency	Sell currency	Nominal value of contracts	Maturity dates	Contract rates
UK	Sterling	Euros	£2,703,761	Jan 20 – Dec 21	1.059 – 1.174
	Sterling	SA rand	£9,784,231	Jan 20 – Nov 24	18.374 – 27.262
	Sterling	US dollars	£5,137,156	Jan 20 – Mar 20	1.286 – 1.331
	US dollars	Sterling	\$38,764,047	Jan 20 – Jan 22	1.225 – 1.422
	Euros	Sterling	€27,579,307	Jan 20 – Apr 20	0.847 – 0.851
	Swiss francs	Sterling	CHF 2,750,000	Mar 20 – Dec 20	1.2630 – 1.2776
	Hungarian forint	Sterling	HUF 188,000,000	Jan 20 – Dec 20	386.028 – 391.177
	Norwegian krone	Sterling	NOK 1,825,000	Jan 20	11.649
	SA rand	Sterling	ZAR 147,937,146	Jan 20 – Oct 22	18.443 – 23.505
	Polish zloty	Sterling	PLN 6,630,000.00	Jan 20 – Jun 20	5.005 – 5.041
Germany	Singapore dollar	Sterling	SGD35,000	Jan 20	1.784
	Euros	US dollars	\$76,959,468	Jan 20 – Mar 20	1.104 – 1.124
	US dollars	Euros	€9,000,000	Jan 20 – Mar 20	1.124 – 1.128

31 December 2018

	Buy currency	Sell currency	Nominal value of contracts	Maturity dates	Contract rates
UK	Sterling	Euros	£16,883,650	Jan 19 – Apr 20	1.059 – 1.143
	Sterling	Hungarian forint	£525,253	Jan 19 – Apr 19	368.560 – 369.203
	Sterling	Polish zloty	£838,346	Jun 19	4.7713
	Sterling	SA rand	£6,883,563	Jan 19 – Oct 22	18.943 – 27.262
	US dollars	Sterling	\$54,253,759	Jan 19 – Aug 21	1.261 – 1.422
	Euros	Sterling	€3,482,554	Jan 19 – Mar 19	1.105 – 1.1192
	Australian dollars	Sterling	AUD 267,000	Jan 19	1.811
	Swiss francs	Sterling	CHF 1,960,000	Jan 19 – Dec 19	1.236 – 1.257
	Hungarian forint	Sterling	HUF 614,700,000	Jan 19	358.167 – 358.211
	Norwegian krone	Sterling	NOK 437,0000	Jan 19 – Feb 19	11.026 – 11.028
	Swedish krona	Sterling	SEK 13,300,000	Feb 19	11.303 – 11.429
	SA rand	Sterling	ZAR 291,452,508	Jan 19 – Oct 22	18.443 – 23.505
	Germany	Euros	US dollars	€88,773,641	Jan 19 – Nov 20
Euros		Hungarian forint	€3,512,731	Jan 19 – Jun 20	311.50 – 327.10

25 Obligations under leases

Operating lease receivables where the Group is lessor

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

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

	2019 £'000	2018 £'000
Within one year	209	159

26 Provisions

	Customer contract provisions £'000	Retirement benefit obligation £'000	Property provisions £'000	Other provisions £'000	Total provisions £'000
At 1 January 2018	–	5,904	2,913	463	9,280
Reclassification from other payables	8,196	–	–	–	8,196
Amounts reversed	(1,100)	–	–	–	(1,100)
Arising during the year	14,734	1,440	–	–	16,174
Utilised	(5,645)	(47)	(173)	–	(5,865)
Exchange adjustment	209	119	11	7	346
At 31 December 2018	16,394	7,416	2,751	470	27,031
Arising during the year	2,535	1,344	404	–	4,283
Utilisation	(10,639)	(34)	3	–	(10,670)
Relating to acquisition of a subsidiary	–	–	2,000	–	2,000
Exchange adjustment	(475)	(415)	(44)	(25)	(959)
At 31 December 2019	7,815	8,311	5,114	445	21,685
Current 2019	5,786	–	1,472	445	7,703
Non-current 2019	2,029	8,311	3,642	–	13,982
	7,815	8,311	5,114	445	21,685
Current 2018	10,271	–	1,249	470	11,990
Non-current 2018	6,123	7,416	1,502	–	15,041
	16,394	7,416	2,751	470	27,031

Customer contract provision

These provisions result from customer contracts where total cost exceeds total revenue. Refer to note 3.1.1 for further details.

Retirement benefit obligation

The Group has a provision against the retirement benefit obligations in France under the Indemnités de Fin de Carrière (IFC) as described in note 2.12.3 Economic outflows under the obligation only occur if eligible employees reach the statutory retirement age whilst still in employment or made redundant. The Group made £34,000 of payments during 2019 under this obligation (2018: £47,000).

In estimating the provision required, Management is required to make a number of assumptions. The key areas of estimation uncertainty are the discount rate applied to future cash flows, the turnover rate of employed personnel and rate of salary increases over the length of their projected employment. The level of unrealised actuarial gains or losses are sensitive to changes in the discount rate, which is affected by market conditions and therefore subject to variation. Management makes use of an independent actuarial valuation in reaching its conclusions.

The net liability recognised in the Consolidated Balance Sheet at 31 December 2019 in respect of the Group's French retirement benefit obligations under the IFC was £8.3 million (2018: £7.4 million). Key movements during the year include a charge to the Consolidated Income Statement of £0.5 million for the service cost and an actuarial loss taken through reserves of £0.8 million. The key driver of actuarial loss this year was the change in demographic assumptions mainly due to change in staff turnover rates assumption in the actuarial valuation.

Property provisions

Assumptions used to calculate the property provisions are based on 100 per cent of the market value of the rental charges plus any contractual dilapidation expenses on empty properties and the Directors' best estimates of the likely time before the relevant leases can be reassigned or sublet, which ranges between one and 15 years. The provisions in relation to the UK properties are discounted at a rate based upon the Bank of England base rate. Those in respect of the European operations are discounted at a rate based on Euribor.

Other provisions

Included within other provisions are the residual estimated costs associated with elements of the comprehensive transformation of the Group's French business that occurred in 2014 for £0.1 million and the Line of Business restructure that occurred during 2016 for £0.1 million. The remaining nature of the costs previously provided for which primarily include retraining and resettlement costs for redundant employees are expected to be utilised in 2020.

The 2014 transformation provision was based inter alia on assumptions concerning the duration of individual settlement payment programmes and the uptake of retraining and resettlement packages. As disclosed last year, there remains some residual uncertainty relating to individual legal challenges to the implementation of the Social Plan. These uncertainties arise both from technical arguments around whether the Social Plan process followed was procedurally correct and had pre-existing approval from the multiple, potentially interested, regulatory authorities and also from a challenge as to whether Computacenter France was damaging to the overall Group competitiveness and economic performance. Having taken independent legal advice on this matter Management has applied judgements which it considers reasonable in establishing the required provision. Management retains a provision, within the amount disclosed above, for legal expenses of £0.3 million directly related to these individual legal challenges to termination settlements provided under the Social Plan.

27 Financial instruments

An explanation of the Group's financial instrument risk management objectives, policies and strategies are set out in the Group Finance Director's review on pages 56 to 66.

Credit risk

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

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date and considers forward-looking information to determine the appropriate expected credit loss for the whole remaining life of the trade receivable. The maximum exposure on trade receivables, as at the reporting date, is their carrying value.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, current asset investment and forward currency contracts, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents. The Group manages its counterparty credit risk by placing cash on deposit across a panel of reputable banking institutions, with no more than £50.0 million deposited at any one time except for UK Government-backed counterparties where the limit is £70.0 million.

Aside from the counterparty risk above, there are no significant concentrations of credit risk within the Group.

Interest rate risk

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

Interest rate sensitivity

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

	Change in basis points	Effect on profit before tax £'000
2019		
Sterling	+25	(25)
Euro	+25	38
US dollars	+25	374
2018		
Sterling	+25	(153)
Euro	+25	150
US dollars	+25	26

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

27 Financial instruments continued

Fair values

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Consolidated Financial Statements is not materially different from their carrying amount.

Exchange rate sensitivity

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and receivables are denominated and the respective functional currencies of Group companies. The functional currencies of material overseas subsidiaries are primarily the euro (€), US dollar (USD), South African rand (ZAR) and Swiss franc (CHF).

The Group's risk management policy is to hedge all of its expected foreign currency exposure in respect of sales and purchases as soon as these are committed. The Group uses forward exchange contracts to hedge its currency risk. The principal currencies hedged by forward foreign exchange contracts are USD, €, ZAR and HUF.

However, the hedge accounting is mainly applied to the expected trading cash flows denominated in ZAR, HUF and € where the exposure extends beyond one year and there is a strong expectation that the expected future foreign currency cash flow will occur. The Group uses forward foreign exchange contracts, designated as cash flow hedges, to hedge these cash flows. When a commitment is entered into, forward foreign exchange contracts are normally used to increase the hedge to 100 per cent of the expected exposure although between 80 per cent and 110 per cent of the expected exposure should be hedged to meet risk management policy. The Group designates all of its forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates;
- actual cash flows in foreign currencies varying from forecast cash flows; and
- changes in the timing of the hedged transactions.

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

The summary quantitative data about the Group's exposure to currency risk as reported to the Management of the Group is as follows:

	31 December 2019 £'000		31 December 2018 £'000	
	USD	EUR	USD	EUR
Trade and other receivables	167,317	615,233	272,944	755,899
Trade and other payables	(144,328)	(649,600)	(260,980)	(725,789)
Forecast future cash flow (net)	21,941	18,951	(123,767)	(10,018)
	44,930	(15,416)	(111,803)	20,092
Forward exchange contracts	(44,930)	15,416	111,803	(20,092)
Net exposure	-	-	-	-

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 2019						
Financial liabilities	-	12,311	44,295	125,906	15,026	197,538
Derivative financial instruments	-	1,449	155	103	-	1,707
Trade and other payables	-	978,122	-	-	-	978,122
	-	991,882	44,450	126,009	15,026	1,177,367

	On demand £'000	<3 months £'000	3-12 months £'000	1-5 years £'000	Total £'000
Year ended 31 December 2018					
Financial liabilities	–	7,645	16,788	118,729	143,162
Derivative financial instruments	–	612	–	–	612
Trade and other payables	–	1,142,628	–	–	1,142,628
	–	1,150,885	16,788	118,729	1,286,402

Fair value measurements recognised in the Consolidated Balance Sheet

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

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

Derivative financial instruments – forward currency contracts

At 31 December 2019 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net asset of £1,511,000 [2018: £3,239,000].

The realised gains from forward currency contracts in the year to 31 December 2019 of £3,278,000 [2018: £6,510,000] with a deferred tax liability of £616,000 [2018: £1,107,000], are offset by broadly equivalent realised losses on the related underlying transactions.

28 Capital management

Computacenter's approach to capital management is to ensure that the Group has a strong capital base to support the development of the business and to maintain a strong credit rating, whilst aiming to maximise shareholder value. Consistent with the Group's aim to maximise return to shareholders, the Company's Dividend Policy is to maintain a dividend cover of between 2 to 2.5 times. In 2019, the cover was 2.5 times on an adjusted¹ profit basis [2018: 2.5 times].

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

Capital is allocated across the Group in order to minimise the Group's exposure to exchange rates. Each country finances its own working capital requirements, typically resulting in borrowings in France with cash on deposit in the UK and Germany. A notional cash pooling arrangement, which was introduced in 2013, expired in early 2017. Subsequent to expiry, an internal cash pooling arrangement was implemented which utilises internal Group financing arrangements.

In certain circumstances, the Group enters into customer contracts that are financed by leases, which are secured only on the assets that they finance or loan. Whilst the outstanding amounts of this CSF are included within net funds³ for statutory reporting purposes, the Group excludes this CSF when managing the net funds³ of the business as this outstanding financing is matched by committed future revenues. These financing facilities, which are committed, are thus outside of the normal working capital requirements of the Group's Technology Sourcing resale and services activities. In certain circumstances, the Group deposits its funds in short-term investments that do not fulfil the criteria to be classified as cash and cash equivalents. The Group considers these deposits when managing the net funds³ of the business, and accordingly includes these deposits within net funds³ excluding CSF.

Capital, defined as net funds³, that the Group monitors is disclosed in note 31.

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

An important element of the process of managing capital efficiently is to ensure that each operating country rewards behaviour at an account manager and account director level to minimise working capital, at a transactional level. This is achieved by increasing commission payments for early payment by customers and reduced commission payments for late payment by customers, which encourages appropriate behaviour. The Group regularly reviews the adequacy of its facilities against any foreseeable peak borrowing requirement. See note 21 for details on uncommitted overdraft facilities available to the Group.

29 Issued capital and reserves

Authorised share capital

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

Issued share capital – ordinary shares

Issued and fully paid	7% ^p ordinary shares No. '000	Total £'000
At 1 January 2019 and 31 December 2019	122,688	9,270

During the year, the issued share capital remained unchanged.

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

The Company has a number of share option schemes under which options to subscribe for the Company's shares have been granted to Executive Directors and certain senior Management (note 30).

Asset reunification

Following the changes to our Articles of Association approved at our AGM on 16 May 2019, the Company, in conjunction with our Registrar, conducted an asset reunification exercise during the year. A total of 21,458 shares were forfeited from 355 shareholders with a total of £0.2 million returned to the Company from the sale of the shares. These funds have been allocated by the Board to be used to support the charitable partners selected by our employees.

Share premium

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

Capital redemption reserve

The capital redemption reserve is used to maintain the Company's capital following the purchase and cancellation of its own shares. During the year, the Company repurchased nil of its own shares for cancellation (2018: nil).

Own shares held

Own shares held comprise the following:

i) Computacenter Employee Share Ownership Plan (ESOP)

Shares in the Parent undertaking comprise 1,277,699 ordinary shares of 7⁵/₈ pence each in Computacenter plc (2018: 1,411,245) purchased by the Computacenter Employee Share Ownership Plan (the Plan). The principal purpose of the Plan is to be funded with shares that will satisfy discretionary executive share plans. The number of shares held represents 1.04 per cent (2018: 1.15 per cent) of the Company's issued share capital.

Since 31 December 2002, the definition of beneficiaries under the ESOP Trust has been expanded to include employees who have been awarded options to acquire ordinary shares of 7⁵/₈ pence each in Computacenter plc under other employee share plans of the Group, namely the Computacenter Service Group plc Approved Executive Share Option Plan, the Computacenter plc Employee Share Option Scheme 1998, the Computacenter Service Group plc Unapproved Executive Share Option Scheme, the Computacenter Performance Related Share Option Scheme 1998, the Computacenter plc Sharesave Plus Scheme and any future similar share ownership schemes.

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

The Plan Trustees have waived the dividends receivable in respect of 1,277,699 ordinary shares of 7⁵/₈ pence each (2018: 1,411,245) that it owns which are all unallocated shares.

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

The total shares held are 228,965 ordinary shares of 7⁵/₈ pence each (2018: 336,181), which represents 0.19 per cent (2018: 0.27 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 2019 was £4,059,549 (2018: £3,563,519). The Quest Trustees have waived dividends in respect of all of these shares. During the year, the Quest subscribed for nil 7⁵/₈ pence ordinary shares (2018: nil).

iii) Treasury shares

The Company holds the ordinary shares purchased pursuant to the Tender Offer in treasury. Immediately following the purchase, the Company's issued share capital consisted of 122,687,970 ordinary shares of 7⁵/₈ pence each, each carrying one voting right, of which the Company held 8,546,861 ordinary shares in treasury.

As at 31 December 2019, the total number of voting rights in the Company which may be used by shareholders as the denominator for the calculations by which they can determine if they are required to notify their interest in, or a change to their interest in, the Company under the Disclosure and Transparency Rules is 114,141,109. The percentage of voting rights attributable to those shares it holds in treasury following the share buy-back is 6.97 per cent.

Translation and hedging reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the Financial Statements of foreign subsidiaries. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges.

30 Share-based payments

Executive share option scheme

During the year, nil options were exercised with respect to 7⁵/₉ pence ordinary shares [2018: nil] at a nominal value of nil [2018: nil] at an aggregate premium of nil [2018: nil]. Under the Computacenter Employee Share Option Scheme 1998 and the Computacenter Services Group Executive Share Scheme, options in respect of nil [2018: nil] shares lapsed.

Computacenter Performance Share Plan (PSP)

Under the Computacenter PSP, shares granted will be subject to certain performance conditions as described in the Annual Remuneration Report. During the year, 541,236 shares were awarded [2018: 540,324], 412,105 shares were exercised [2018: 469,256] and 123,803 shares lapsed [2018: 216,046]. At 31 December 2019 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	2019 Number outstanding	2018 Number outstanding
23/03/2012	23/03/2015	433.0p	2,285	2,285
03/05/2013	21/03/2016	440.0p	6,614	21,306
20/03/2014	20/03/2017	682.5p	68,645	81,239
26/03/2015	26/03/2018	720.0p	66,329	76,156
22/03/2016	22/03/2019	847.0p	94,953	510,666
22/03/2017	22/03/2020	736.5p	631,319	666,724
21/03/2018	21/03/2019	1182.67p	–	19,340
21/03/2018	21/03/2020	1182.67p	19,341	19,341
21/03/2018	21/03/2021	1182.67p	255,240	275,339
21/03/2018	21/03/2023	1182.67p	139,092	139,092
18/05/2018	18/05/2021	1314.00p	22,334	22,334
01/10/2018	18/05/2021	1314.00p	14,985	14,985
21/03/2019	21/03/2020	1192.00p	18,130	–
21/03/2019	21/03/2021	1192.00p	18,131	–
21/03/2019	21/03/2022	1192.00p	496,737	–
			1,854,135	1,848,807

The weighted average share price at the date of exercise for the options exercised is £11.06 [2018: £11.75].

The weighted average remaining contractual life for the options outstanding as at 31 December 2019 is 1.1 years [2018: 1.2 years].

Computacenter Sharesave Scheme (SAYE)

The Group operates a Sharesave Scheme which is available to all employees and full time Executive Directors of the Group and its subsidiaries who have worked for a qualifying period. All options granted under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. During the year, 1,016,492 options were granted [2018: 865,055] with a fair value of £3,974,764 [2018: £2,079,828].

Notes to the Consolidated Financial Statements continued
For the year ended 31 December 2019

30 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	2019 Number outstanding	2018 Number outstanding
October 2013	01/12/2018 – 31/05/2019	430.00p	–	186,185
October 2014	01/12/2019 – 31/05/2020	524.00p	95,890	569,299
October 2015	01/12/2018 – 31/05/2019	675.00p	–	124,962
October 2015	01/12/2020 – 31/05/2021	600.00p	561,503	599,478
October 2016	01/12/2019 – 31/05/2020	649.00p	41,921	269,886
October 2016	01/12/2021 – 31/05/2022	577.00p	509,661	566,920
October 2017	01/12/2020 – 01/06/2021	888.00p	306,288	331,750
October 2017	01/12/2022 – 01/06/2023	789.00p	645,958	705,644
October 2018	01/12/2021 – 01/06/2022	1186.00p	271,327	304,283
October 2018	01/12/2023 – 01/06/2024	1054.00p	519,633	551,520
October 2019	01/12/2022 – 01/06/2023	1138.00p	305,802	–
October 2019	01/12/2024 – 01/06/2025	1011.00p	636,697	–
October 2019	01/12/2021 – 01/06/2022	1138.00p	69,857	–
			3,964,537	4,209,927

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of share options for the Sharesave Scheme:

	2019 No.	2019 WAEP	2018 No.	2018 WAEP
Sharesave Scheme				
Outstanding at the beginning of the year	4,209,927	£7.41	4,307,465	£6.26
Granted during the year	1,016,492	£10.58	865,055	£11.01
Forfeited during the year	(234,666)	£8.19	(241,775)	£6.94
Exercised during the year***	(1,027,216)	£5.56	(720,818)	£5.01
Outstanding at the end of the year	3,964,537	£8.65	4,209,927	£7.41
Exercisable at the end of the year	163,790	£6.20	321,346	£5.40

Note

*** The weighted average share price at the date of exercise for the options exercised is £14.37 (2018: £10.94).

The weighted average remaining contractual life for the options outstanding as at 31 December 2019 is 3.1 years (2018: 3.0 years).

The fair value of the PSP, DBP and SAYE plans are estimated as at the date of grant using the Black-Scholes valuation model. The following tables give the assumptions made during the year ended 31 December 2019 and 31 December 2018:

2019

Nature of the arrangement	PSP scheme	PSP scheme	PSP scheme	PSP scheme	DBP scheme	DBP scheme	SAYE scheme	SAYE scheme	SAYE scheme
Date of grant	21/03/19	21/03/19	21/03/19	21/03/19	21/03/19	21/03/19	01/12/19	01/12/19	01/12/19
Number of instruments granted	305,505	42,701	141,988	14,781	18,130	18,131	69,914	308,814	637,764
Exercise price	nil	nil	nil	nil	nil	nil	£11.38	£11.38	£10.11
Share price at date of grant	£11.92	£11.92	£11.92	£11.92	£11.92	£11.92	£15.11	£15.11	£15.11
Contractual life [years]	3	3	5	3	1	2	2	3	5
Vesting conditions	See note 1 below	See the Annual Remuneration Report on page 84 in 2018 Annual Report and Accounts	See the Annual Remuneration Report on page 84 in 2018 Annual Report and Accounts	See note 1 below	See the Annual Remuneration Report on page 84 in 2018 Annual Report and Accounts	See the Annual Remuneration Report on page 84 in 2018 Annual Report and Accounts	Two-year service period and savings requirement	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	n/a	n/a	n/a	35.60%	32.70%	29.90%
Expected option life at grant date [years]	3	3	5	3	1	2	2	3	5
Risk-free interest rate	n/a	n/a	n/a	n/a	n/a	n/a	2.50%	2.50%	2.50%
Dividend yield	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.37%	2.37%	2.37%
Fair value per granted instrument determined at grant date	£11.05	£11.05	£10.49	£11.05	£11.62	£11.33	£4.32	£4.33	£4.92

2018

Nature of the arrangement	PSP scheme	PSP scheme	PSP scheme	PSP scheme	PSP scheme	DBP scheme	DBP scheme	SAYE scheme	SAYE scheme
Date of grant	21/03/2018	21/03/2018	21/03/2018	18/05/2018	01/10/2018	21/03/2018	21/03/2018	24/10/2018	24/10/2018
Number of instruments granted	233,823	139,092	83,793	29,950	14,985	19,340	19,341	309,211	555,844
Exercise price	nil	nil	nil	nil	nil	nil	nil	£11.86	£10.54
Share price at date of grant	£11.83	£11.83	£11.83	£13.14	£12.81	£11.83	£11.83	£12.44	£12.44
Contractual life [years]	3	5	3	3	3	1	2	3	5
Vesting conditions	See note 1 below	See the Annual Remuneration Report on page 74 in 2017 Annual Report and Accounts	See the Annual Remuneration Report on page 74 in 2017 Annual Report and Accounts	See note 1 below	See note 1 below	See the Annual Remuneration Report on page 74 in 2017 Annual Report and Accounts	See the Annual Remuneration Report on page 74 in 2017 Annual Report and Accounts	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29.1%	27.9%
Expected option life at grant date [years]	3	5	3	3	3	1	2	3	5
Risk-free interest rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.23%	2.23%
Dividend yield	2%	2%	2%	1.8%	2%	2%	2%	2.34%	2.34%
Fair value per granted instrument determined at grant date	£11.14	£10.71	£11.14	£12.44	£11.31	£11.59	£11.36	£2.65	£3.40

Note

1. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGM held on 19 May 2015. One-quarter of the shares will vest if the compound annual EPS growth over the performance period equals 5 per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the performance period equals 7.5 per cent and will vest in full if the compound annual EPS growth over the performance period equals 10 per cent. If the compound annual EPS growth over the performance period is between 5 and 10 per cent, shares awarded will vest on a straight-line basis. The performance period usually covers a period of three years from 1 January of the year the award is granted.

Notes to the Consolidated Financial Statements continued
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30 Share-based payments continued

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

The expected volatility reflects the assumption that the recent historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

31 Analysis of changes in net funds

	At 1 January 2019 £'000	Implementation of IFRS 16 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2019 £'000
Cash and short-term deposits	200,442	–	24,388	–	(6,949)	217,881
Cash and cash equivalents	200,442	–	24,388	–	(6,949)	217,881
Bank loans	(134,234)	–	51,755	–	1,707	(80,772)
Adjusted net funds³ (excluding CSF and lease liabilities)	66,208	–	76,142	–	(5,241)	137,109
CSF leases	(8,928)	8,928	–	–	–	–
Lease liabilities	–	(120,606)	42,346	(43,793)	5,287	(116,766)
Total lease liabilities	(8,928)	(111,678)	42,346	(43,793)	5,287	(116,766)
Net funds	57,280	(111,678)	118,488	(43,793)	46	20,343

The financing cash flows included in the table above are repayment of bank loans of £51.8 million and lease liabilities of £42.3 million during the year. The repayment of lease liabilities also included interest payment of £3.7 million.

	At 1 January 2018 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2018 £'000
Cash and short-term deposits	206,605	(7,743)	–	1,580	200,442
Bank overdraft	(6)	6	–	–	–
Cash and cash equivalents	206,599	(7,737)	–	1,580	200,442
Bank loans	(10,667)	(122,946)	–	(621)	(134,234)
Adjusted net funds³ (excluding CSF)	195,932	(130,683)	–	959	66,208
CSF leases	(4,745)	(4,322)	433	(294)	(8,928)
Total CSF	(4,745)	(4,322)	433	(294)	(8,928)
Net funds	191,187	(135,005)	433	665	57,280

32 Capital commitments

At 31 December 2019, the Group held no significant commitments for capital expenditure [2018: £4.3 million, in relation to the fit-out of the new German headquarters and Integration Center in Kerpen].

33 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 9. Details of the Retirement Benefit obligation for Computacenter France are given below.

	2019 £'000	2018 £'000
Total defined benefit liability	8,311	7,416
Movements in total defined benefit liability:		
	2019 £'000	2018 £'000
Balance at 1 January	7,416	5,904
Included in Consolidated Income Statement		
Current service cost	492	423
Interest cost	107	75
	599	498
Included in Consolidated Statement of Comprehensive Income		
Remeasurements loss/(gain):		
Actuarial loss/(gain) arising from:	752	942
– Changes in demographic assumptions	750	1,279
– Change in financial assumptions	–	(144)
– Experience adjustment	2	(193)
Effect of movements in exchange rates	(423)	119
	329	1,061
Other		
Contributions paid by the employer		
Benefits paid	(33)	(47)
	(33)	(47)
Balance at 31 December	8,311	7,416

Actuarial assumptions

The following are the principal actuarial assumptions at 31 December (expressed as weighted averages):

	2019 %	2018 %
Discount rate	1.50	1.50
Future salary growth	0.76	1.50
Turnover rates:		
– Non-managers	17.20	17.20
– Supervisors	12.60	12.60
– Executives	10.20	10.20

At 31 December 2019, the discount rate used was 1.5 per cent (2018: 1.5 per cent) with reference to the iBoxx € Corporate AA 10y + index.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2019 £'000		2018 £'000	
	Increase	Decrease	Increase	Decrease
Discount rate (1 per cent movement)	959	(1,130)	862	(1,014)
Future salary growth (1 per cent movement)	(1,112)	964	(1,006)	872
Turnover rates (1 per cent movement)	641	(721)	586	(658)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

34 Related party transactions

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

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

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

	2019 £'000	2018 £'000
Biomni Limited		
Sales to related parties	32	23
Purchase from related parties	654	838
Amounts owed to related parties	6	–

Terms and conditions of transactions with related parties

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

Compensation of key management personnel (including Directors)

The Board of Directors is identified as the Group's key management personnel. Please refer to the information given in the remuneration table in the Annual Remuneration Report on page 100 for details of compensation given. A summary of the compensation of key management personnel is provided below:

	2019 £'000	2018 £'000
Short-term employee benefits	2,447	1,791
Social security costs	422	433
Share-based payment transactions	2,623	1,367
Pension costs	40	65
Total compensation paid to key management personnel	5,532	3,656

The interests of the key management personnel in the Group's share incentive schemes are disclosed in the Annual Remuneration Report on pages 103 to 104.

35 Contingent liabilities

The Company has given a guarantee in the normal course of business to suppliers of subsidiary undertakings for an amount not exceeding £130.1 million (2018: £158.3 million).

Company Balance Sheet

As at 31 December 2019

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	Note	2019 £'000	2018 £'000
Non-current assets			
Intangible assets	3	33,721	42,221
Investment property	4	14,000	15,036
Investments	5	333,961	319,527
		381,682	376,784
Current assets			
Debtors	6	135	51,922
Prepayments		348	691
Cash at bank and in hand		278	212
		761	52,825
Total assets		382,443	429,609
Current liabilities			
Trade and other payables	7	16,709	–
Financial liabilities	8	15,107	13,929
Income tax payable		331	577
		32,147	14,506
Non-current liabilities			
Financial liabilities	8	40,890	86,583
		40,890	86,583
Total liabilities		73,037	101,089
Net assets		309,406	328,520
Capital and reserves			
Issued share capital		9,270	9,270
Share premium		3,942	3,942
Capital redemption reserve		74,957	74,957
Merger reserve		55,990	55,990
Own shares held		(113,563)	(113,474)
Retained earnings		278,810	297,835
Shareholders' equity		309,406	328,520

Approved by the Board on 11 March 2020.

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

Company Statement of Changes in Equity

For the year ended 31 December 2019

	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Own shares held £'000	Retained earnings £'000	Shareholders' equity £'000
At 1 January 2019	9,270	3,942	74,957	55,990	(113,474)	297,835	328,520
Profit for the year	-	-	-	-	-	19,825	19,825
Total comprehensive income for the year	-	-	-	-	-	19,825	19,825
Exercise of options	-	-	-	-	15,798	(10,071)	5,727
Share options granted to employees of subsidiary companies	-	-	-	-	-	6,775	6,775
Purchase of own shares	-	-	-	-	(15,887)	-	(15,887)
Equity dividends	-	-	-	-	-	(35,764)	(35,764)
Asset reunification	-	-	-	-	-	210	210
At 31 December 2019	9,270	3,942	74,957	55,990	(113,563)	278,810	309,406
At 1 January 2018	9,299	3,913	74,957	55,990	(11,360)	310,284	443,083
Profit for the year	-	-	-	-	-	20,794	20,794
Total comprehensive income for the year	-	-	-	-	-	20,794	20,794
Exercise of options	-	-	-	-	11,158	(7,592)	3,566
Share options granted to employees of subsidiary companies	-	-	-	-	-	6,425	6,425
Purchase of own shares	-	-	-	-	(13,274)	-	(13,274)
Return of Value (RoV)	-	-	-	-	(99,998)	-	(99,998)
Expense relating to RoV	-	-	-	-	-	(1,196)	(1,196)
Cancellation of deferred shares	[29]	29	-	-	-	-	-
Equity dividends	-	-	-	-	-	(30,880)	(30,880)
At 31 December 2018	9,270	3,942	74,957	55,990	(113,474)	297,835	328,520

1 Authorisation of Financial Statements and statement of compliance with FRS 101

The Parent Company Financial Statements of Computacenter plc (the Company) for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 11 March 2020 and the Balance Sheet was signed on the Board's behalf by MJ Norris and FA Conophy. Computacenter plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Financial Statements are prepared under the historical cost convention.

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The results of Computacenter plc are included in the Consolidated Financial Statements of Computacenter plc which are available from Computacenter plc, Hatfield Business Park, Hatfield Avenue, Hatfield, AL10 9TW. The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2019. The Financial Statements are prepared in pound sterling and are rounded to the nearest thousand pounds (£'000).

2 Summary of significant accounting policies

Basis of preparation

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment;
- (b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- (c) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (e) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (f) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
 - (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - (v) paragraph 50 of IAS 41 Agriculture.
- (g) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (h) the requirements of IAS 7 Statement of Cash Flows;
- (i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (j) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (k) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (l) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The basis for all of the above exemptions is because equivalent disclosures are included in the Consolidated Financial Statements of the Group in which the entity is consolidated.

Intellectual property

Licences purchased in respect of intellectual property are capitalised, classified as an intangible asset on the Balance Sheet and amortised on a straight-line basis over the period of the licence, normally 20 years.

Depreciation of fixed assets

Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	25 years
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2 Summary of significant accounting policies continued

Investment property

Investment property is defined as land and/or buildings held by the Company to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in supply of goods or services or for administrative purposes. The Company recognises any part of an owned (or leased under a finance lease) property that is leased to third-parties as investment property, unless it represents an insignificant portion of the property.

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, the Company elected to measure investment property at cost less accumulated depreciation and accumulated impairment losses, if any [i.e. applying the same accounting policies (including useful lives) as for property, plant and equipment]. The fair values, which reflect the market conditions at the balance sheet date, are disclosed in note 4.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Impairment of assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Share-based payment transactions

The accounting policy in relation to share-based payment transactions is disclosed in full in the Consolidated Financial Statements. In addition to that, the financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings are recognised by the Company in its individual Financial Statements as an increase in its investment in subsidiaries with a credit to equity equivalent to the IFRS 2 cost in subsidiary undertakings.

On transition to IFRS, the Group did not apply the measurement rules of IFRS 2 to equity-settled awards granted before 7 November 2002 or granted after that date and vested before 1 January 2005. However, later modifications of such equity instruments are measured under IFRS 2.

Taxation

Corporation tax payable is provided on taxable profits at the current tax rate. Where Group relief is surrendered from other subsidiaries in the Group, the Company is required to pay to the surrendering company an amount equal to the loss surrendered multiplied by the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Own shares held

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

Merger accounting and the merger reserve

Prior to 1 January 2013, certain significant business combinations were accounted for using the 'pooling of interests method' (or merger accounting), which treats the merged groups as if they had been combined throughout the current and comparative accounting periods. Merger accounting principles for these combinations gave rise to a merger reserve in the Consolidated Balance Sheet, being the difference between the nominal value of new shares issued by the Parent Company for the acquisition of the shares of the subsidiary and the subsidiary's own share capital and share premium account. These transactions have not been restated, as permitted by the IFRS 1 transitional arrangements.

The merger reserve is also used where more than 90 per cent of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 1985 and, from 1 October 2009, the Companies Act 2006.

3 Intangible assets

	Intellectual property £'000
Cost	
At 1 January 2019 and 31 December 2019	169,737
Accumulated amortisation	
At 1 January 2019	127,516
Charge in the year	8,500
At 31 December 2019	136,016
Net book value	
At 31 December 2019	33,721
At 31 December 2018	42,221

4 Investment properties

	Freehold land and buildings £'000
Cost	
At 1 January 2019 and 31 December 2019	42,350
Accumulated depreciation	
At 1 January 2019	27,314
Charge in the year	1,036
At 31 December 2019	28,350
Net book value	
At 31 December 2019	14,000
At 31 December 2018	15,036

Investment property represents a building owned by the Company that is leased to Computacenter (UK) Ltd, a fully owned subsidiary of the Company.

The fair value of investment property amounted to £38.4 million at 31 December 2019 (2018: £37.6 million). The fair values for disclosure purposes have been determined using either the support of qualified independent external valuers or by internal valuers with the necessary recognised and relevant professional qualification, applying a combination of the present value of future cash flows and observable market values of comparable properties. Management's most recent external valuation of this property took place in February 2016. As this property is leased to a subsidiary and is carried at depreciated cost value, an updated external valuation was not sought at 31 December 2019.

5 Investments

	Investments in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Investment £'000	Total £'000
Cost				
At 1 January 2019	435,516	2,754	25	438,295
Additions	7,659	–	–	7,659
Share-based payments	6,775	–	–	6,775
At 31 December 2019	449,950	2,754	25	452,729
Amounts provided				
At 1 January 2019 and at 31 December 2019	115,989	2,754	25	118,768
Net book value				
At 31 December 2019	333,961	–	–	333,961
At 31 December 2018	319,527	–	–	319,527

Details of the principal investments at 31 December in which the Company holds more than 20 per cent of the nominal value of ordinary share capital are given in note 18 to the Consolidated Financial Statements.

6 Debtors

	2019 £'000	2018 £'000
Amount owed by subsidiary undertaking	–	51,783
Other debtors	127	127
Deferred tax	8	12
	135	51,922

7 Trade and other payables

	2019 £'000	2018 £'000
Amount owed to subsidiary undertaking	16,709	–

8 Financial liabilities

	2019 £'000	2018 £'000
Current		
Bank loan	15,107	13,929
Non-current		
Bank loan	40,890	86,583

There are no material differences between the fair value of financial liabilities and their book value.

Bank loans

A loan of £100 million was drawn at 2.05 per cent interest rate to finance the acquisition of FusionStorm. The outstanding balance as at 31 December 2019 was £56 million at a revised interest rate of 2.10 per cent. Repayment of this loan commenced in H1 2019 and will continue for two years, with an option to repay early. Management has made early repayments of £30 million during the year.

9 Contingent liabilities

The Company has given a guarantee in the normal course of business to suppliers of subsidiaries undertaking for an amount not exceeding £130.1 million (2018: £158.3 million).

The Company has provided cross guarantees in respect of certain bank loans and overdrafts of its subsidiary undertakings. The amount outstanding at 31 December 2019 is £nil (2018: £nil).

10 Auditor's remuneration

All auditor's remuneration is borne by Computacenter (UK) Ltd, a fully-owned UK subsidiary of the Company. The amount payable to the auditor in respect of the audit of the Company is £125,000 (2018: £115,000), all of which is payable to KPMG LLP. The Company is exempt from providing details of non-audit fees as it prepares Consolidated Financial Statements in which the details are required to be disclosed on a consolidated basis (see note 7 to the Consolidated Financial Statements).

11 Distributable reserves

Dividends are paid from the standalone Balance Sheet of Computacenter plc, and as at 31 December 2019, the distributable reserves are approximately £165 million (2018: £184 million).

12 Issued share capital

Asset reunification

Following the changes to our Articles of Association approved at our AGM on 16 May 2019, the Company, in conjunction with our Registrar, conducted an asset reunification exercise during the year. A total of 21,458 shares were forfeited from 355 shareholders with a total of £0.2 million returned to the Company from the sale of the shares. These funds have been allocated by the Board to be used to support the charitable partners selected by our employees.

Disclaimer: forward-looking statements

This Annual Report and Accounts includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'anticipates', 'believes', 'estimates', 'expects', 'intends', 'may', 'plans', 'projects', 'should' or 'will', or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and Accounts and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, amongst other things, results of operations, prospects, growth, strategies and expectations of its respective businesses.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations and the development of the markets and the industry in which they operate or are likely to operate and their respective operations may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report and Accounts. In addition, even if the results of operations and the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this Annual Report and Accounts, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, those risks in the risk factor section of this Annual Report and Accounts, as well as general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations or advancements in research and development.

Forward-looking statements speak only as of the date of this Annual Report and Accounts and may, and often do, differ materially from actual results. Any forward-looking statements in this Annual Report and Accounts reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy.

Neither Computacenter plc nor any of its subsidiaries undertakes any obligation to update the forward-looking statements to reflect actual results or any change in events, conditions or assumptions or other factors unless otherwise required by applicable law or regulation.

Group five-year financial review and dates

Group five-year summary results

As of 31 December

	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m
Revenue	3,057.6	3,245.4	3,793.4	4,352.6	5,052.8
Adjusted ¹ operating profit	87.4	86.2	105.5	118.8	151.5
Adjusted ¹ profit before tax	87.2	86.4	106.2	118.2	146.3
Statutory profit for the year	103.1	63.8	81.3	80.9	101.6
Adjusted ¹ diluted earnings per share	53.6p	54.0p	65.1p	75.7p	92.5p
Adjusted net funds ³	125.2	148.7	195.2	66.2	137.1
Headcount (monthly average)	12,993	13,373	14,026	15,117	15,816

Group five-year summary balance sheet

As at 31 December

	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m
Tangible assets	57.1	63.0	77.9	106.3	212.3
Investment property	10.3	10.0	–	–	–
Intangible assets	81.5	76.3	80.3	184.6	175.6
Investment in associate	–	0.1	0.1	0.1	0.1
Deferred tax asset	12.8	10.5	9.1	9.6	9.2
Non-current prepayments	–	–	–	3.5	3.5
Inventories	45.7	44.0	69.3	99.5	122.2
Trade and other receivables	621.8	740.4	835.4	1,180.4	996.5
Prepayments and accrued income	106.5	139.5	162.6	171.2	176.3
Forward currency contracts	2.2	8.1	8.2	3.9	3.3
Current asset investment	15.0	30.0	–	–	–
Cash	111.8	118.7	206.6	200.4	217.9
Current liabilities	(695.9)	(804.8)	(940.9)	(1,351.1)	(1,257.8)
Non-current liabilities	(7.3)	(7.9)	(19.7)	(160.6)	(166.6)
Net assets	361.5	428.0	488.9	447.8	492.5

Financial calendar

Title	Date
AGM	14 May 2020
Ex-dividend date	28 May 2020
Dividend record date	29 May 2020
Dividend payment date	26 June 2020
Interim results announcement	9 September 2020

Corporate information

Board of Directors

Peter Ryan (Non-Executive Chairman)
Mike Norris (Chief Executive Officer)
Tony Conophy (Group Finance Director)
Rene Haas (Non-Executive Director)
Philip Hulme (Non-Executive Director)
Ljiljana Mitic (Non-Executive Director)
Peter Ogden (Non-Executive Director)
Minnow Powell (Non-Executive Director)
Ros Rivaz (Senior Independent Director)

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