Report and Accounts 96
Computacenter Limited
Turnover, Profit, Earnings & Employees

UK Turnover (£m)

UK Profit before tax (£m)

UK Earnings before exceptional items, interest & tax (£m)

UK Employee numbers
Welcome to our first virtual Annual Report and Accounts.

For a fully interactive version of this Report visit our
Web site now at www.computacenter.co.uk/report96/
From there you can print out any sections you want and even
request more information on any aspect of our business.
Try it now. Because one day, this paper copy will be a thing of the past.
A better service brings rewards.
Computacenter, already the largest UK owned IT company, increased its turnover by 60% during 1996.
This lets us invest still further in people, systems and processes - and look forward to passing on even more benefits to our customers.
Our aim - to provide long-term customer value, and lower the total cost of ownership through IT solutions based on understanding, experience and commitment.

Complete solutions for major customers
In general, our clients are large corporate and government organisations. We supply a full range of value-added services, PC and UNIX equipment, software and consumables.
Last year alone, more than 250,000 PCs were despatched from our national distribution centre.

We have over 2,000 employees and 26 branches in the UK and France. Our joint venture, ICG, allows us to serve customers with offices across Europe, North America and Asia.
The quality of our solutions has seen Computacenter grow, since its beginnings in 1981, to a turnover of over £800 million in 1996.

PRISM - a full spectrum of services
PRISM (Planning, Requisition, Integration, Support and Management) describes the modular range of services we offer, across all stages of the technology life-cycle.

Planning
Architecture design and standards selection - Workplace management consultancy - Project definition and planning - Business take-on processes - Information services - Leasing and financing.
Requisition
High product availability - Electronic procurement and tracking - Management of day-to-day relations with suppliers - Superior supplier terms and conditions.

Integration
Off-site custom configuration - Installation and on-site configuration - Multi-platform consultancy - Specialist expertise - Project management.

Support
Hardware maintenance - Software support - Network support - Disaster recovery - Training.

Management
Out-tasking - On-site or off-site managed technical services - Network management - On-site managed administration services.

Success - an evolving story
Computacenter was established in 1981 by British entrepreneurs Peter Ogden and Philip Hulme. They remain principal shareholders and executive directors of the company.

Growth has been almost entirely organic and consistently profitable. The company ploughs back profits, investing in skills and technology to deliver increasing levels of customer service.

In 1989, Computacenter co-founded the international joint venture ICG (International Computer Group), which enabled us to provide leading systems and services across Europe, North America and Asia.

In October 1992, Computacenter created a new company, Computacenter France. Employing 225 people and with a turnover of FF623 million (£78m) in 1996, it is already one of France's leading distributed IT systems and service providers. During 1996, the investment in Computacenter France was transferred to our holding company, Computacenter Services Group (CSG).
Chairman’s Statement

Loyalty - not profit - is the key to our future.

1996 has been a landmark year for Computacenter, with turnover leaping forward by 60% to £805 million. Yet it is our operational objectives, not our financial results, that drive our business.

Our mission is to create loyalty by providing long-term value for our customers, employees and investors. Loyalty is earned by consistently delivering added value - in quality services to our customers, in job satisfaction to our employees and in a sound return for our investors.

This strategy is paying dividends - customers are entrusting us with even more of their business, our people are staying with us longer and investor strategy is long-term.

Loyalty creates more growth, greater profits and still better value which can then be shared with customers, employees and investors alike.

Loyalty is an upward spiral. In a loyalty-based company, profits are a consequence, not a cause.

Our objective is to build a truly great company.

Computacenter has a unique opportunity to become a UK company that is admired and envied around the world and one that leads customers, suppliers and employees up the value chain.

Investment moves the business forward all the time.

1996 has certainly seen significant progress towards achieving these long-term goals.

Our end of year staff levels have increased by 40% from 1,510 to 2,099.

We have invested in new systems and new business, including the CallCenter at Milton Keynes which offers problem management and technical support 24 hours a day, 365 days a year - something many individual organisations find uneconomical to provide in-house.

We have invested in new software and in re-engineering our warehousing processes and configuration centre.
Philip W. Hulme and Peter J. Ogden, Joint Chairmen
We have invested in our maintenance business, adding a range of on-site and field maintenance services designed to reduce our customers’ support costs.

**We believe in planning for the long term.**

While there has been a trend among some businesses to downsize for short-term objectives, Computacenter takes the opposite view. We, and our investors, look at our business - and the return on our business - in the long term.

**Helped by a growing market.**

Increasingly, computer applications are written for the client/server platform - Computacenter’s core area of expertise. By investing in the best people, superior processes and a comprehensive range of services, Computacenter is able to capitalise on that market growth.

**Looking forward to the future.**

After 16 years, Computacenter is growing faster and winning more business than ever before. We are diversifying within our core business at a faster rate than ever, and the opportunities offered by geographical expansion are being fully explored.

The beginning of 1997 sees the business poised and ready for the next stage. It will be one based on the principles of loyalty and bring benefits for all.

Peter J. Ogden  Philip W. Hulme
Mike Norris, Chief Executive
**Highlights**

In 1996 the company’s turnover increased by almost 60% - from £503 million in 1995 to £805 million. Profit before tax for the year reached £40 million compared to £15 million in 1995, a growth of over 160%.

Increasingly powerful and complex operating environments, together with processor-hungry applications, combined to drive the market for our products and services.

Microsoft NT and Internet/Intranet take-up grew rapidly, increasing the need for well-targeted, sophisticated IT services.

As the market grew, so did Computacenter’s share of it. The company’s ability to provide end-to-end solutions in turn drove our supply business.

The PC is increasingly the standard application platform for larger organisations - and Computacenter’s PC sales rose from 132,000 in 1995 to 251,000 in 1996. Last year, Computacenter delivered over a quarter of a million PCs, or two PCs for every minute of every working day.

Growing revenues across our business have allowed significant investment in our processes and services, enabling us to pass on greater scale benefits to our customers.

Distributed IT creates a desktop management problem for many corporates. We have addressed this issue by focusing on our service provision, opening new support facilities and expanding our maintenance contract base. Service revenues make up a significant proportion of our turnover and previous investment in these areas accounts for our increase in profits this year.

Computacenter will continue to grow organically and remain focused on its core corporate and government markets.

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We provide a **total service and systems solution** to give our customers increased competitive advantage.
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Employee deployment, December 1996
Planning and Integration

Our customers are increasingly relying on us to monitor technology developments, interpret the implications and match them to their needs.

During 1996, we concentrated on answering this demand. We recruited and trained consultancy specialists and technical experts in areas such as Windows NT, Lotus Notes and UNIX systems.

For example, today Computacenter has one of the highest concentrations of Microsoft systems expertise in the UK.

We improved efficiency, reduced risk and maximised return for our customers through the use of business communications technologies, such as Internet/Intranets and workgroups.

We grew our Lotus Notes services business, developing a unique end-to-end service for Lotus Notes and Domino users.

Indeed, technical projects became one of the fastest-growing areas of Computacenter’s business.

Many of our projects in 1996 were logistical, such as national roll-outs and head office installations. 60% of PCs were despatched with all software pre-configured at Radlett where our ACE (Automated Configuration Engineer) service provides standard, customer specific configurations. In 1996, more customers also took advantage of our asset-management service.

We are at the forefront of Internet/Intranet based solutions.

Requisition

Our suppliers

A great deal of our success is due to our buying power and the excellent relationships we have with major manufacturers.

Companies installing PCs are reducing the number of different brands, further increasing the major vendors’ growth.
PRISM - A FULL SPECTRUM OF SERVICES

Our aim is to provide long-term customer value. Customers require a full spectrum of modular services, which we provide through our PRISM (Planning, Requisition, Integration, Support and Management) range of services.
Furthermore, leading manufacturers have reduced the number of different resellers they use, preferring increased business with distributors and the larger service providers. This, too, helped grow our business.

The Rise of the Enterprise Network

The trend to downsize host systems continued, mainly due to the mission-critical functionality offered by new applications written specifically for the desktop.

This led to an increased demand for server technology, particularly with Windows NT. Strong sales of UNIX systems, especially from Sun Microsystems, also contributed to growth.

New operating systems and applications such as Windows NT and Intranets fuelled our supply business. This led to greater sales of Internet and networking related products. Last year Computacenter was appointed Netscape’s first authorised corporate value-added reseller. In 1996, we also became an ISP (Internet Service Provider) through our partnership with PSINet, the US market leader.

We saw a consequential rise in demand for networking products from IBM, 3COM, Cisco and Bay Networks - we recently won the largest Bay Networks contract, to date, in the UK and were named as the Best Bay Networks Indirect VAR in Europe, the Middle East and Africa.

In 1996 our own peripherals brand, PROJECT, expanded its range and almost doubled sales. PROJECT will continue to bring to market best of breed peripherals at competitive prices.

As a major organisation ourselves, we understand the needs and problems of corporate and government clients.

Procurement services

More and more customers are asking us to manage product portfolios on their behalf. A Context report, commissioned by Computacenter, found that, provided the process can be scheduled accurately, service providers like ourselves offer the best performance on final installation - with a clear time benefit over in-house installation.
Focusing on customer needs.

The pace of change is ferocious, yet we continue to provide advanced understanding and business interpretation of highly complex technologies. The result - reduced risk and maximised return on investment. In a Computacenter world, you can tap into a better planned future.
It was the same with electronic procurement services. Another Context study found that our Customer System - now renamed On-Trac - demonstrated an average time-to-desk reduction of four days.

Most computer applications are written for the client/server platform which is our speciality.

Support & Management

Managed Services

We can manage some or all of a customer's desktop support. In 1996, our substantial investment in people in this area began to yield real returns.

The increased demand for out-tasking of non-core IT areas remains strong. For that reason we have provided a range of services that can be easily dovetailed with our customer's own internal support.

We experienced growth in our MADC (Moves, Additions, Deletions and Changes) business - an area where Computacenter offers a real advantage. Computacenter employees on-site at clients' premises managed a record number of office and desk relocations, as well as taking increasing responsibility for infrastructure systems such as voice and data connectivity.

Off-site rather than on-site server management developed during 1996, with new services offering preventative measures to reduce server downtime.

More of our customers used our help desk services, either on-site at the customer's premises or at our new CallCenter at Milton Keynes.

Maintenance Services

Over the past two years, we have made a large-scale investment in our maintenance services. Today we have probably the most advanced parts handling facility in the UK.
Delivering quality, on time.
Increased capacity and new premises ensure a future of quality services and improved efficiency, resulting in lower cost of ownership for our customers. 
*In a Computacenter world, efficiency can be taken as read.*
This project has led to a close understanding of the true costs of supporting equipment, enabling us to design maintenance services that maximise our customers’ support budgets.

Last year we exploited this advantage by linking our improved logistics with innovative and cost-effective on-site and field maintenance services. This included a next day on-site offering which enabled the cost of support to be bundled with the cost of the hardware. This allows customers to build the cost of lifetime support into capital depreciation values. During the second half of the year alone, these improvements saw a 46% increase in our maintenance contract base.

**Training**

The demand for training services is rocketing. In 1996 the question was less “How do I use my system?” but rather “How can I make the best, most productive use of my system?”

For trainers, that means more than just guiding people through features and benefits. As a result, we have invested in new courses and facilities that ensure our people link training to our customers’ business needs. For example, technical training for IT professionals was a particular focus during 1996.

» Computacenter is an organisation with a 1996 turnover of £805 million and one of the 10 largest private companies in the UK.

We opened a major new training facility in the City of London, and additional training centres at Manchester’s World Trade Centre, and in Nottingham.

**Distribution**

Computacenter’s distribution business grew alongside our core direct-to-customer business during the year and provided mutual benefits to the organisation, with CCD, our distribution arm, drawing on the logistical advantages of our Radlett operation.
INTEGRATION

Implementing technical and logistical projects.

From mass corporate roll-outs to operating system migrations, we deliver the professionalism to keep our customers effective at all times.

In a Computacenter world, expertise comes as standard.
CCD supplies from a core list of leading vendors, which enables customers to enjoy exceptional levels of product knowledge and availability. Indeed, as part of Computacenter, CCD is the largest customer for most of our suppliers, enabling us to pass on benefits of superior purchasing power, delivery and service to our own customers.

**Infrastructure**

Our warehousing capacity was increased by 50%, which we expect to yield substantial efficiency improvements.

We also opened new premises at Watford in 1996. Link House is home to our CCD operation as well as other internal IT and operational departments.

New Birmingham offices were opened on December 12, part of a prestigious new development at Aqueous House, WaterLinks. The 12,992 square feet office houses employees from Sales, Distribution, Customer and Field Engineering, Managed Services and Training. The additional space is necessary for planned recruitment during 1997.

**Internal IT Systems**

In 1996 we continued to invest in internal IT to meet the needs of our expanding business.

Our training centres equip people to answer our customers’ needs now and into the future.

Our Customer System was re-launched as ‘On-Trac’ and given additional functionality. This procurement and order tracking system provides a customer interface with our own order and warehouse processing systems. It has recently been enhanced to support electronic authorisation of procurement requests by purchasing and end-user management.

We also upgraded our core order processing, logistics and financial applications systems to increase throughput and improve customer service.
Our people build businesses.

We invest in the best people and quality training to give you ever-increasing levels of skill in all areas of support and help.

In a Computacenter world, problems get solved.
Lotus Notes, already widely used at Computacenter for electronic mail and the sharing of information databases, was implemented at our larger managed services sites across the country.

And we invested in recruitment and training within our software development team. We believe that by tailoring our internal IT systems more closely to the needs of the business, and so to our customers, the greater our competitive advantage.

**Marketing**

Brand awareness was increased through the launch of new marketing programmes including sports/arts sponsorship and national advertising.

A Computacenter Web site at www.computacenter.co.uk, new customer seminar programmes and new customer publications were also launched during the year.

**People**

We created nearly 600 new jobs in 1996. Computacenter will continue to be a key investor in people.

During the year, recruitment and HR processes were made more responsive to our business needs, and measures included new performance reviews and graduate recruitment programmes.

The company also introduced Profit Related Pay and a new pension scheme as well as the monitoring of market salary levels. Employees were awarded a year-end bonus for achieving improved customer service and record turnover.

> We employ the best people
> and motivate them to
deliver the best services.

**Management team**

This was largely unchanged during the year. We believe the flat structure of the business’ management allows us to grow while retaining close links with our customers, and has been instrumental to our success. A regional general manager level was added in 1996.
MANAGEMENT

Taking the strain off our customers.
Computacenter's managed services put expert people on site for some - or all - of our customers' desktop support services.
In a Computacenter world, support is always available.
Finance
During 1996 Computacenter Limited grew by 60% without acquisition. The company’s central control of Stocks, Debtors and Creditors enabled rapid growth without a significant impact on cash resources and without recourse to shareholders for additional funding. The cash inflow before financing movements was almost £3.5m and after repayments on loans outstanding at 31/12/95 the net inflow was £0.6m.

Debtor days at the year end were 45, significantly improving on the 48 days achieved at the end of 1995.

Stock turns reduced to 8.6 from 9.2 at the end of 1996. This was mainly due to the increased requirement to hold stock allocated for specific customers who often require a consistent technical specification and configuration for large project roll-outs and the requirement to achieve a high level of stock availability.

Growth accelerated during the second half of 1996 with the last quarter’s turnover annualised at over £960m.

The company’s operating margin increased from 3% in 1995 to 5% in 1996, reflecting increased asset utilisation and considerable investment in the higher margin services business.

Reducing the total customer cost of ownership is a core aspiration of Computacenter’s business philosophy.

The company earned interest of £0.9m compared to interest costs of £1.1m, which reflects the net cash position for much of the year.

Dividends of £5m were paid to the new holding company, Computacenter Services Group (CSG), financing the interest payments on the CSG Eurobonds raised in 1995 to finance the acquisition of Computacenter Limited.
In 1996 Computacenter France was transferred to CSG at book value, reflecting CSG’s role as the holding company for all the group’s UK and Overseas operations.

Shareholders’ funds increased by 65% through retained profit for the year, with an after tax return of over 60% on average capital employed.

The future

We expect the services part of our business to grow notably as a proportion of our overall revenue. We also expect a rising demand for enterprise networking - an area where we intend to be a leading player.

We are planning to be a leader in the supply of Internet services and products. We will continue to focus on reducing the cost of ownership for our customers.

We also believe vendors will increasingly develop the indirect channel of supply, enabling us to increase our share of the corporate and government market.

Computacenter has seen unprecedented growth and we are already planning expansion into the new millennium. At the end of 1996, we entered into an agreement to acquire just over 20 acres of land on Hatfield Business Park, where we intend to relocate our Logistics and Head Office Administration functions.

Eventually, we hope to move the majority of our central functions from Watford and Radlett to the new site. It is a wonderful opportunity for business growth, and to improve our employees’ working environment.

Our employees are the best in the industry. We would like to thank them and all those who contributed to our success in 1996.

Mike Norris
Chief Executive
Profiles

1 Philip Hulme - Joint Chairman
Age 48
Philip Hulme graduated from Imperial College London with a First in Mechanical Engineering, after which he spent two years with Unilever as a consultant in operations research and industrial engineering. In 1971 he won a Harkness Fellowship and embarked on a two year MBA course at the Harvard Business School, where he met Peter Ogden. On receiving his MBA in 1973 he joined the Boston Consulting Group, for whom he worked in the US, South Africa and the UK, rising to Vice President in 1979 and Managing Director of the London office in 1980. In 1981 he co-founded Computacenter, since when he has worked for the company on a full time basis. He is also a director of Computasoft.

2 Peter Ogden - Joint Chairman
Age 49
Peter Ogden holds a BSc and PhD in Elementary Particle Physics and an MBA from the Harvard Business School. In 1978 he was appointed Managing Director of Merrill Lynch Capital Markets Group. In 1980 he moved to Morgan Stanley where he became a Managing Director and latterly an Advisory Director. He founded Computacenter with Philip Hulme in 1981. Peter Ogden is also Chairman of Computasoft, President of Computacenter France, a director of Omnia Limited, and a non-executive director of the Abbey National and Anglo & Overseas Trust.

3 Mike Norris - Chief Executive
Age 35
Mike graduated with a degree in Computer Science and Mathematics from East Anglia University in 1983. He joined Computacenter in 1984 as a salesman in the City office. In 1986 he was Computacenter’s top national account manager. Following appointments as a Regional Manager in 1988 and General Manager of the Systems Division in 1992, he became Chief Executive in December 1994 with responsibility for all day-to-day activities across the company.

4 Tony Conophy - Finance & Commercial Director
Age 39
Tony has been a member of the Institute of Chartered Management Accountants since 1982. He joined Computacenter as Financial Controller in 1987 from the Cape Industries PLC group where he was the Financial Controller of a Cape subsidiary for 4 years. In 1991 he was appointed as General Manager - Finance with responsibility for all aspects of finance. In 1996 he was appointed as Finance and Commercial Director with responsibility for all financial, purchasing and vendor relations activities.

5 Mike Davies - General Manager, IT and Technical Services
Age 36

6 John Joslin - General Manager, Services & Operations
Age 32
Prior to joining Computacenter in 1987, John spent three years with Hoskyns Group PLC as a senior systems engineer. He joined Computacenter’s City office as an account manager and worked with several City customers before becoming an Account Director and, in 1994, London Regional Manager. Later that year John was promoted to General Manager with responsibility for Services. In late 1995 John was also given responsibility for Operations.
1 Philip Hulme  
2 Peter Ogden  
3 Mike Norris  
4 Tony Conophy  
5 Mike Davies  
6 John Joslin  
7 Alan Pottinger  
8 Craig Routledge  
9 Chris New  
10 Gavin Quinney  
11 Martin Hellawell
Profiles (Continued)

7 Alan Pottinger - Company Secretary
Age 39

Alan joined Computacenter in 1986 as Company Secretary following three years as Assistant Secretary at Sphere Drake Insurance PLC and two years as Assistant Corporate Secretary for Crown Agents. Alan is responsible for all legal and insurance issues within the company and, since 1994, Human Resources. Alan is a Fellow of the Chartered Institute of Secretaries and Administrators.

8 Craig Routledge - General Manager, Managed Services
Age 39

Previously a Divisional Managing Director of Computer Marketing PLC, Craig joined Computacenter as Central Regional Manager in 1990 and became a Managed Services Account Director in October 1992. In November 1994 he took over responsibility for Computacenter’s Managed Services business nationally.

9 Chris New - General Manager, Business Development
Age 38

Chris graduated from London University in 1979 with a degree in Law. On leaving University he worked at UK distribution company Computer Ancillaries and then at UK dealer First Computers, part of the Heron Group. At First Computers he was manager of the Moorgate sales office, concentrating on City accounts. In January 1987 he joined Computacenter as a major account manager and in 1988 was made Branch Manager of St Pauls, London. In 1990 he was made London Regional Manager and in 1996 was promoted to General Manager with responsibility for major accounts and business development across the UK.

10 Gavin Quinney - General Manager, Sales
Age: 36

Gavin worked at Christies and in the wine trade before joining a computer dealer in the early 80s. After joining Computacenter as an account manager in 1984, Gavin became Branch Manager at the Strand office and, after a period managing a London account team, became Regional Manager in 1992. At the end of 1994 he was promoted to General Manager with responsibility for all London business. In 1996 Gavin became responsible for the development of the sales force nationally.

11 Martin Hellawell - General Manager, Corporate Development and Marketing
Age: 32

After graduating from university in 1987 with a degree in Marketing and French, Martin joined Miles 33, a subsidiary of the Carlton Communications Group, as a marketing executive. In 1988 he moved to Paris to create their French subsidiary and was appointed General Manager. His involvement with Computacenter began in 1990 when he became Marketing Manager of ICG. Following the creation of Computacenter France, Martin left ICG to assist in the restructuring of the French company. In 1993 he was appointed Head of Marketing at Computacenter. In 1996 he was promoted to General Manager - Corporate Development and Marketing.
In a Computacenter world, customers speak out.

Colin Campbell, Executive Manager, Ernst & Young
“Computacenter understand Ernst & Young and our business and this enables us to achieve our goals and objectives for a true partnership. Partnership in business is the most misused word, but Computacenter understand it”.

Guy Liddell, Director, Dibb Lupton Alsop
“As with any organisation, it is the quality of the people we actually work with that counts. Your account manager’s commitment and effort has been key to turning around an unsatisfactory position to one where we have placed a great deal of trust and confidence in him and therefore in Computacenter”

Richard Newton, Project Manager, Railtrack
“Throughout the exercise we felt we were not so much working with a supplier as with a true partner who gets things right without having to wait for reams of paperwork. Effective project management calls for planning, precision and trust. Computacenter delivers all of these in abundance.”

Owen Williams, Group IT Director, DJ Freeman, Solicitors
“We know that if [Computacenter] recommends a particular piece of kit it is because they have practical experience of implementing it somewhere else, and they know it will work for us... We are a firm which stands by its promises, and we pay a high level of attention to detail. We’re comfortable with Computacenter because they have the same attitude.”

Steve Lugger, Technical Support Manager, South Western Electricity Board
“Computacenter employs, in my experience, good, knowledgeable people who understand our requirements. As a company, they are easy to do business with.”

David Milner, Computer Services Manager, Welsh Development Agency
“We’ve gone from buying boxes to buying service. Today, we’d give Computacenter a much wider brief and extend the range of services covered in the agreement to include maintenance of the existing equipment that they had not supplied.”

Chris Benson, Network Manager, Woolwich Building Society
“What I really liked was that throughout the project we all worked very closely as a team, there really was no dividing line between Computacenter and us. The project management ran very smoothly and the new LAN was actually handed over ahead of the due date, despite a lot of external pressures. The new system works well, and everybody’s happy. That’s what I call a result!”

Steve Lugger, Technical Support Manager, South Western Electricity Board
“Computacenter employs, in my experience, good, knowledgeable people who understand our requirements. As a company, they are easy to do business with.”

Paul Dolman, Group Desktop & Network Manager, Royal & Sun Alliance
“Our account manager has displayed exceptional commitment to our account and has made himself available seven days a week to ensure customer satisfaction”

Customer Satisfaction Programme
The customer quotes above include comments taken directly from our Customer Satisfaction Programme, piloted in Autumn 1996. By analysing and acting upon the information provided through the programme, Computacenter intends to deliver still greater quality and long-term value to its customers. The Customer Satisfaction Programme will be extended during 1997.
Contacts

For general enquiries contact Computacenter Marketing on 0171 593 4655, or visit our Web site at www.computacenter.co.uk

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Austria
Computer Systemvertrieb
Austria

Belgium
Systemat & Datarelay

Denmark
DanaData

Finland
Novosys

France
Computacenter France

Germany
Computacenter Germany

Greece
ABC Group

Ireland
Cara Group

Italy
TC Sistema

Netherlands
RAET Systems & Services

Norway
A/S EDB

Portugal
Prológica

South Africa
Tac Technologies

Spain
Logic Control

Sweden
OWELL

Switzerland
ALSO

Turkey
Tepum

United Arab Emirates
Al Bawardi Computers

Americas

Brazil
Inacom do Brasil

Columbia
Optimiza Colombia

Mexico
Inacom de Mexico

Peru
Profesional Consulters

USA & Canada

Venezuela
Inacom of Venezuela

Asia Pacific

Australia
Business Computers of Australia (BCA)

China
JOS Technology

Hong Kong
System-Pro

Japan
JBCC

Korea
ANAM S&T

Malaysia
ODS

Taiwan
China Data Processing Center
(CDPC)

Singapore
ODS

Associate members: in
Argentina, Chile, Czech
Republic, Cyprus, Hungary,
Indonesia, New Zealand,
Pakistan, Philippines, Poland,
Thailand.
AUDITORS’ REPORT ON THE
SUMMARISED ACCOUNTS

We have examined the summarised accounts of
Computacenter Limited set out on pages 34 to 37. In our
opinion the summarised accounts have been properly
extracted from the company’s statutory accounts for the year
ended 31 December 1996.

Ernst & Young
Chartered Accountants
Registered Auditor
Reading
21 March 1997

IMPORTANT NOTES

The Auditors’ Report on the statutory accounts for the year
ended 31 December 1996 was unqualified and did not
contain a statement under sections 237(2) or 237(3) of the

The financial information contained in this section includes
the audited main financial statements of Computacenter
Limited. However, it does not contain the notes to the
Report and Accounts for the sake of brevity. It does not
contain sufficient information to convey a full understanding
of the results and state of affairs of the Company. For further
information the full Report and Accounts should be
consulted.

DIRECTORS

Mr P J Ogden (Joint Chairman)
Mr P W Hulme (Joint Chairman)
Mr P A B Beecroft
Mr J D Burgess (resigned 18 June 1996)
Mr R L Richards
Mr N M Bryan (resigned 15 May 1996)
Mr F A Conophy (appointed 16 September 1996)
Mr M J Norris (appointed 16 September 1996)

SECRETARY

Mr A J Pottinger FCIS

AUDITORS

Ernst & Young
Apex Plaza
Reading
RG1 1YE

REGISTERED OFFICE
Computacenter House
93-101 Blackfriars Road
London
SE1 8HW

REGISTERED NUMBER
1584718
BUSINESS REPORT
The directors present their business report and the summarised accounts of the company for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES
The company’s principal activities are the design, project management, implementation and support of integrated information technology systems.

REVIEW OF THE BUSINESS
Computacenter has enjoyed an exceptional year of growth. Turnover increased 60% to £805 million (from £503 million in 1995). Operating profit rose by over 160% to £40,085,000 (from £14,909,000 in 1995). This significant growth in profitability is primarily due to increased returns from the services business and the increased utilisation of assets and infrastructure. Over the previous three years profit growth had been significantly inhibited by the company’s large scale investment in services.

A number of trends in the corporate and government marketplace drove Computacenter’s growth. The PC became the platform of choice for larger organisations, as new business applications were increasingly written specifically for the desktop. A growing interest in Internet/Intranet solutions, and the increased take-up of powerful and complex operating environments, together with the growth of processor-hungry applications, all combined to drive the market growth for products and services.

Meanwhile the increasing trend for vendors to rely on the indirect channel to the customer further opened the way for Computacenter to gain an increased share of the market.

Computacenter’s enhanced range of planning, requisition, integration, support and management services, together with the company’s continued investment in people, processes and systems ensured that it was ideally placed to take advantage of these trends in 1996. Over the year, the company created almost 600 new jobs, mostly in the service divisions.

On 1 January 1996, the Board transferred the company’s investment in Computacenter France SA to Computacenter Services Group PLC at book value.

The directors would like to thank all employees for their contribution to the company’s continuing success. We look forward to building upon Computacenter’s unrivalled position within the industry, for the benefit of shareholders, customers and employees, in 1997 and beyond.

FUTURE DEVELOPMENTS
Computacenter will continue to invest in people, infrastructure and information systems to improve the quality of service provided to its corporate and public sector clients. Achieving total customer satisfaction through operational excellence remains the corporate goal of Computacenter.

RESULTS AND DIVIDENDS
The company’s activities resulted in a profit before tax of £39,889,000 (1995: £14,748,000). The profit for the year available to shareholders amounted to £26,649,000 (1995: £9,168,000). A divided payment for the year of £5,000,000 (1995: nil) has been made.
DIRECTORS

The directors who served during the year ended 31 December 1996 are listed on page 30.

CREDITORS’ PAYMENT POLICY

It is the policy of the company that each of the businesses should agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individually negotiated contracts) and that payment should be in accordance with those terms and conditions, provided that the supplier has also complied with them.

EMPLOYEE INVOLVEMENT

The company is committed to involve all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to employees and subjects affecting day to day operations of the company.

EQUAL OPPORTUNITIES

The company is committed to a policy of treating all its employees and job applicants equally. No employee or potential employee receives less favourable treatment or consideration on grounds of race, colour, religion, nationality, ethnic origin, sex, disability or marital status or will be disadvantaged by any conditions of employment or the company’s requirements that cannot be justified as necessary on operational grounds. To this end the company has an Equal Opportunities Policy. This demonstrates the company’s commitment to make full use of the talents and resources of all its employees and to provide a healthy environment which will encourage good and productive working relationships within the organisation.

CHARITABLE DONATIONS

The company has made charitable donations during the year amounting to £17,618 (1995: £18,470).
STATEMENT OF DIRECTORS’ RESPONSIBILITIES
IN RESPECT OF THE ACCOUNTS

As noted on page 30, the summarised accounts presented on pages 34 to 37 have been extracted from the full statutory accounts of the company and do not give all of the information contained in those accounts.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• make judgements and estimates that are reasonable and prudent;

• state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

• prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the full statutory accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.
Computacenter Limited

Profit and Loss Account

for the year ended 31 December 1996

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td><strong>TURNOVER</strong></td>
<td>804,538</td>
<td>503,101</td>
</tr>
<tr>
<td><strong>OPERATING COSTS</strong></td>
<td>(764,453)</td>
<td>(488,192)</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>40,085</td>
<td>14,909</td>
</tr>
<tr>
<td>Exceptional item</td>
<td>-</td>
<td>(1,739)</td>
</tr>
<tr>
<td>Other income</td>
<td>905</td>
<td>2,456</td>
</tr>
<tr>
<td>Interest payable and similar charges</td>
<td>(1,101)</td>
<td>(878)</td>
</tr>
<tr>
<td><strong>PROFIT ON ORDINARY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACTIVITIES BEFORE TAXATION</td>
<td>39,889</td>
<td>14,748</td>
</tr>
<tr>
<td>Taxation</td>
<td>(13,240)</td>
<td>(5,580)</td>
</tr>
<tr>
<td><strong>PROFIT ON ORDINARY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACTIVITIES AFTER TAXATION</td>
<td>26,649</td>
<td>9,168</td>
</tr>
<tr>
<td>Dividends - ordinary dividends on equity shares</td>
<td>(5,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>RETAINED PROFIT FOR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>THE YEAR</td>
<td>21,649</td>
<td>9,168</td>
</tr>
</tbody>
</table>

The company has no recognised gains or losses other than the retained profit for the year.
### Computacenter Limited

**Balance Sheet**

**at 31 December 1996**

<table>
<thead>
<tr>
<th></th>
<th>1996 £'000</th>
<th>1995 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>17,340</td>
<td>10,907</td>
</tr>
<tr>
<td>Investments</td>
<td>8,435</td>
<td>6,073</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25,775</td>
<td>16,980</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>78,294</td>
<td>43,829</td>
</tr>
<tr>
<td>Debtors</td>
<td>138,604</td>
<td>83,515</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>17,836</td>
<td>17,202</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>234,734</td>
<td>144,546</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CREDITORS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts falling due within one year</td>
<td>201,971</td>
<td>122,452</td>
</tr>
<tr>
<td><strong>NET CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>32,763</td>
<td>22,094</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS LESS CURRENT LIABILITIES</strong></td>
<td>58,538</td>
<td>39,074</td>
</tr>
<tr>
<td><strong>CREDITORS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts falling due after more than one year</td>
<td>3,385</td>
<td>5,769</td>
</tr>
<tr>
<td><strong>PROVISIONS FOR LIABILITIES AND CHARGES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>199</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS LESS LIABILITIES</strong></td>
<td>54,954</td>
<td>33,305</td>
</tr>
<tr>
<td><strong>CAPITAL AND RESERVES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Called up share capital</td>
<td>3,825</td>
<td>3,825</td>
</tr>
<tr>
<td>Share premium account</td>
<td>11,818</td>
<td>11,818</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>477</td>
<td>477</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>38,834</td>
<td>17,185</td>
</tr>
<tr>
<td>Shareholders’ funds - equity</td>
<td>54,954</td>
<td>33,305</td>
</tr>
</tbody>
</table>

Approved by the board on 21 March 1997

P J Ogden  
P W Hulme

Directors
### Computacenter Limited
### Statement of Cash Flows

*for the year ended 31 December 1996*

<table>
<thead>
<tr>
<th></th>
<th>1996 £’000</th>
<th>1995 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH INFLOW FROM OPERATING ACTIVITIES</td>
<td>27,919</td>
<td>12,311</td>
</tr>
<tr>
<td>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</td>
<td>(196)</td>
<td>1,072</td>
</tr>
<tr>
<td>TAXATION</td>
<td>(7,611)</td>
<td>(4,077)</td>
</tr>
<tr>
<td>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</td>
<td>(15,639)</td>
<td>(6,086)</td>
</tr>
<tr>
<td>ACQUISITIONS AND DISPOSALS</td>
<td>4,012</td>
<td>(1,820)</td>
</tr>
<tr>
<td>EQUITY DIVIDENDS PAID</td>
<td>(5,000)</td>
<td>-</td>
</tr>
<tr>
<td>CASH INFLOW BEFORE FINANCING</td>
<td>3,485</td>
<td>1,400</td>
</tr>
<tr>
<td>FINANCING</td>
<td>(2,848)</td>
<td>(1,501)</td>
</tr>
<tr>
<td>INCREASE/(DECREASE) IN CASH IN THE YEAR</td>
<td>637</td>
<td>(101)</td>
</tr>
</tbody>
</table>
## Computacenter Limited

### Statement of Cash Flows

*for the year ended 31 December 1996*

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

<table>
<thead>
<tr>
<th></th>
<th>£’000</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET FUNDS AT 1 JANUARY 1995</strong></td>
<td></td>
<td>6,770</td>
</tr>
<tr>
<td><strong>DECREASE IN CASH IN THE YEAR</strong></td>
<td>(101)</td>
<td></td>
</tr>
<tr>
<td>Cash outflow from decrease in debt and lease financing</td>
<td>2,229</td>
<td></td>
</tr>
<tr>
<td>Change in net debt resulting from cash flows</td>
<td></td>
<td>2,128</td>
</tr>
<tr>
<td><strong>NET FUNDS AT 31 DECEMBER 1995</strong></td>
<td></td>
<td>8,898</td>
</tr>
<tr>
<td><strong>INCREASE IN CASH IN THE YEAR</strong></td>
<td>637</td>
<td></td>
</tr>
<tr>
<td>Cash outflow from decrease in debt and lease financing</td>
<td>2,848</td>
<td></td>
</tr>
<tr>
<td>Change in net debt resulting from cash flows</td>
<td></td>
<td>3,485</td>
</tr>
<tr>
<td>New finance leases</td>
<td></td>
<td>(118)</td>
</tr>
<tr>
<td><strong>NET FUNDS AT 31 DECEMBER 1996</strong></td>
<td></td>
<td>12,265</td>
</tr>
</tbody>
</table>
the company during the last year and
growth, taking Computacenter to a
and employees.
Employee list dated